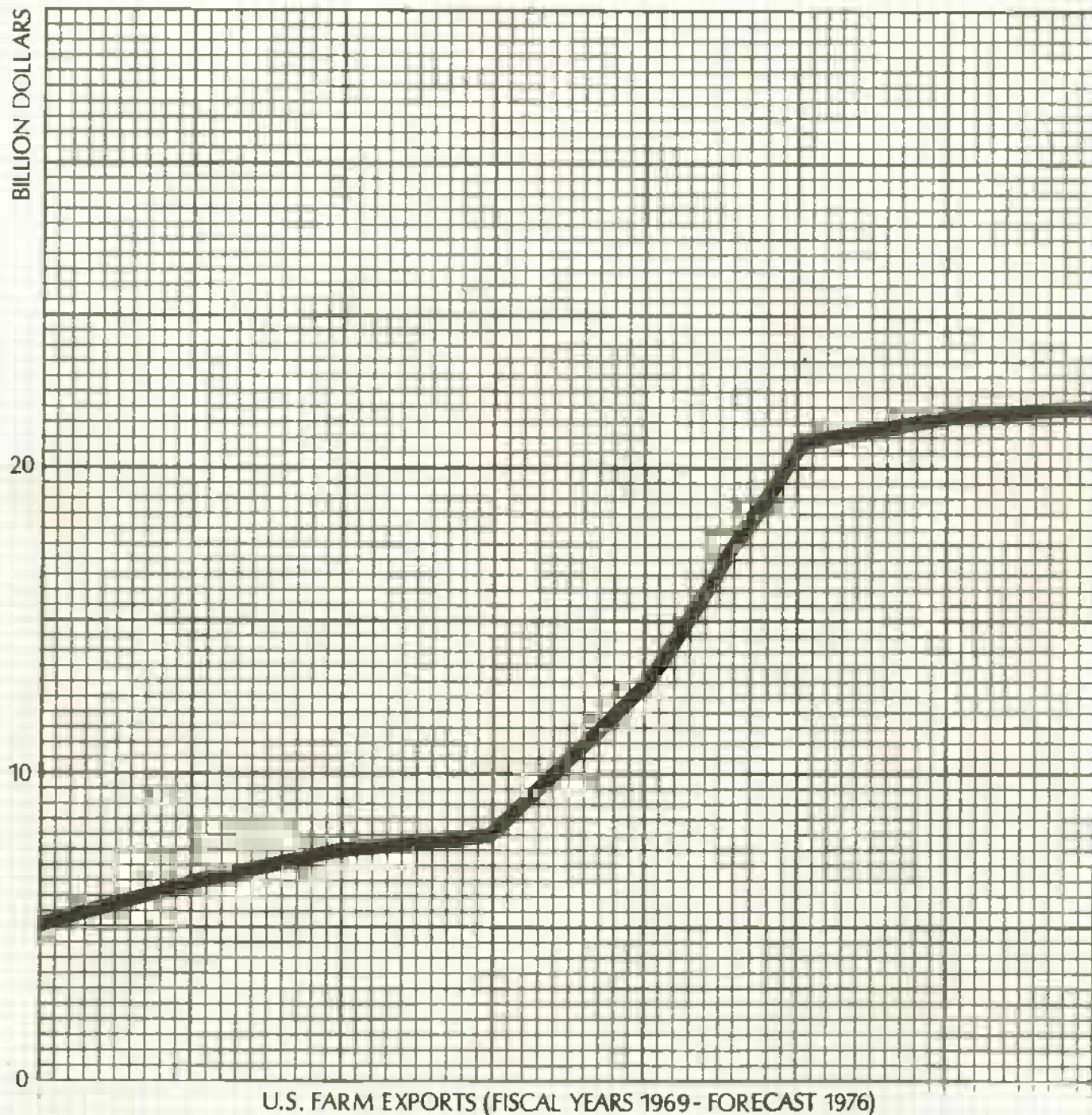


# AGRICULTURAL OUTLOOK

UNITED STATES DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • AUGUST 1975 • AO-3



# AGRICULTURAL OUTLOOK

AO-3

AUGUST 1975

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The *Agricultural Outlook* has been designed to provide a comprehensive monthly analysis of the factors which affect agricultural developments. The report will carry aggregate analyses for the general and agricultural economies and will digest and update major commodity and foreign trade developments. However, an appraisal of the outlook for U.S. agriculture requires a comprehensive evaluation of the entire food and fiber system and the foreign and domestic consumers of the output of the system. Events of the past few years have led to an increasing interdependence among the sectors within the system. This report will attempt to highlight the major interrelated developments in farming, input industries and product marketing and their impact upon U.S. agriculture and the consumer.

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# AGRICULTURAL OUTLOOK

Farm price and income prospects have strengthened with expected record large grain crops and strong domestic and export demand. Rising consumer incomes and a recovering general economy should help bolster domestic demand for food products. At the same time, world demand for grains is strong because of reduced production in the USSR and Eastern and Western Europe. However, there are major uncertainties in the agricultural outlook, among them the impact of dry weather on U.S. crops, the level of world demand for U.S. grain, and continued adjustments in the livestock-feed sector of the U.S. agricultural economy. The outcome of these developments will influence farm prices and income as well as food supplies and prices consumers pay for food.

## Food Prices Bulge at Midyear

The current food situation and outlook is being dominated by adjustments that have been taking place within the agricultural sector during the past year and a half. Short and high-priced 1974 feed crops caused most livestock and poultry producers to reduce output this year. The resulting higher prices for livestock and livestock products are accounting for most of the bulge in food prices this summer. Third quarter retail food prices may run around 4 percent over the previous quarter, following a less than 1 percent rise from the first to second quarter.

Looking toward fall, larger market supplies are expected for beef and poultry as well as fresh fruits and vegetables. These could bring some price declines at retail for some products in these categories. In fact, the more abundant supply picture is likely to tone down the overall advance in retail food prices for the fourth quarter.

For all of 1975, retail food prices may average around 9 percent above a year ago, compared with rises of over 14 percent in both 1973 and 1974.

## Farm Income to Rise in Second Half

Net farm income during July-December this year likely will be considerably above the first half rate estimated at \$21 billion, seasonally adjusted annual rate. Larger livestock receipts in coming months will reflect strong prices for most major livestock products. Crop receipts may be maintained by a large volume of marketings and the price stimulation of a stronger export market. But with the reduced incomes in the first half, it now appears 1975 realized net farm income may total around

the mid-twenty billion dollar range, compared with \$27.7 billion in 1974. Even so, 1975 would be the third highest level on record by a considerable margin.

## General Economy Continues Improving

The general economy continues to show recovery. Inventory liquidation is likely to slow and lead to a fairly sharp advance in real output in coming months. Unemployment rates declined slightly in July, although an increase had been expected, and total employment gained. Also, real disposable personal income is likely to begin a steady advance in the next few months. This general improvement should help bolster consumer demand for food and other agricultural products.

## Crop Output Still Headed Toward Record High

Hot dry weather in the western Corn Belt reduced corn crop prospects during the past 4 to 6 weeks. Although some 3 percent below the July estimate, this year's estimated corn crop as of August 1 would still be record large and a fourth above 1974's depressed levels. Wheat and soybean production is forecast almost a fifth above last year. The western Corn Belt remained dry in early August, although some beneficial showers fell in Iowa at midmonth.

Weather will continue to play an important role as the season progresses, because with small stocks 1975 production will constitute almost the complete 1975/76 grain supplies.

Grain prices rose in July and early August, due initially to the increase in U.S. grain sales to Russia and later to the reduction in our grain crop prospects.

## Livestock Prices Strong

Reduced production of livestock and poultry this spring sparked a rather sharp advance in livestock prices. Farm prices of livestock and livestock products in July averaged 18 percent above the first quarter and 15 percent above a year ago. High prices for the reduced 1974 feed crop led to reduced placements of cattle on feed and to sharply reduced production of hogs and poultry. As a result, prices rose materially around midyear. However, Choice steer prices slipped to about \$46 per 100 pounds in mid-August from their June peak of over \$53. Larger marketings of both fed and nonfed cattle likely will further ease cattle prices this fall. On the other hand, hog slaughter is expected to continue small, and hog prices may remain above \$50 through yearend. However, larger beef and broiler production will tend to ease upward pressure on hog prices.

## FOOD PRICES BULGE AT MIDYEAR



SOURCE: BUREAU OF LABOR STATISTICS.





## FARM ECONOMY

Net farm income during the second half of this year will be considerably higher than during January-June. Livestock receipts in coming months will reflect a strong price picture for most major livestock products. Crop receipts will be well above first half rates because of the large marketings from the bumper crops expected this year and improved prices due to a stronger export market.

Price hikes for production inputs are expected to slacken, holding down the rate of increase in farm production expenses. The important feed bill should show a sizable reduction as supplies become more plentiful. Some of the rapid runup experienced over the past year in prices of some farm inputs has eased, with fertilizer prices a case in point. Energy costs remain a problem for farmers, and present indications point to higher prices in coming months. However, higher costs of inputs relative to income prospects caused some cut back in purchases of fertilizer, feed, farm machinery, and some other production inputs thus slowing the rise in farm production costs.

Farm income prospects have improved since midyear. Although the August crop report indicated slightly less wheat and corn than a month earlier, a stronger world market and rising prices of crops and some livestock products strengthens income prospects for farmers. With a slower rise in farm production costs, realized net farm income this year may be around the mid-twenty billion dollar rate, compared with \$27.7 billion in 1974.

### Farm Prices Rise

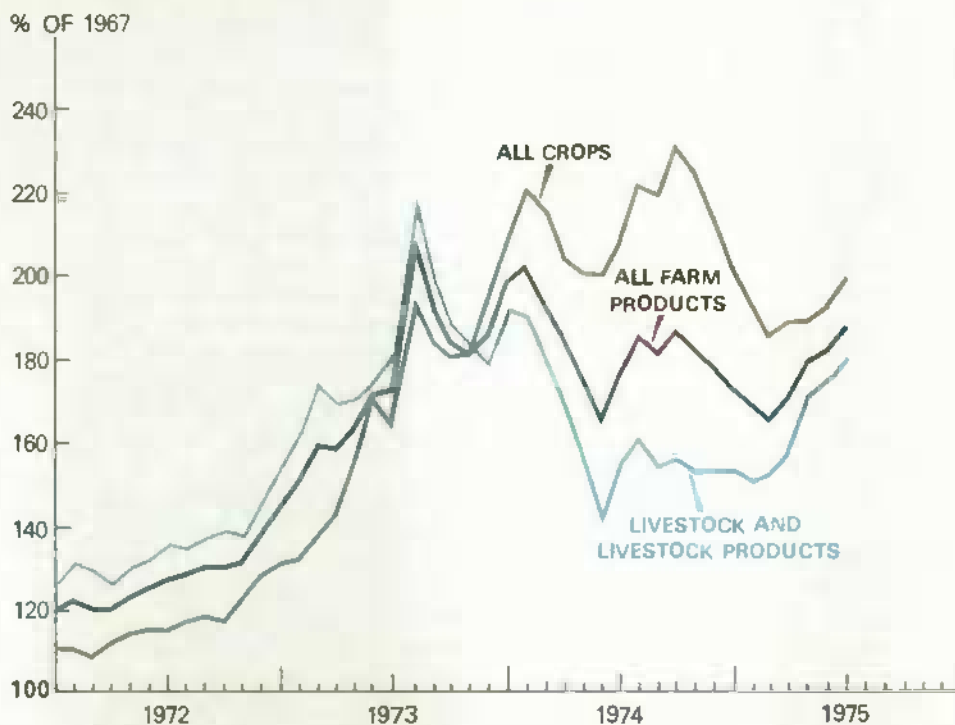
Farm prices increased again in July for the fourth consecutive month. The July Index of Prices Received increased 3 percent from June and was 6 percent above a year

ago. For the period January-July 1975, farm prices averaged 5 percent less than in the same months of 1974, despite the improvement since March.

Prices paid by farmers for production items, interest, taxes, and wage rates showed

only a fractional gain from June to July. However, the index in July stood 11 percent above a year earlier, the same percentage gain experienced by farmers in the first half of this year as in the like period of 1974. (Mardy Myers)

## FARMERS' PRICES RISE AT MIDYEAR



## GENERAL ECONOMY

Paradoxically, the steepness of the recent economic slump may contribute to a stronger recovery than was earlier anticipated. Since

inventory liquidation has proceeded at an extremely rapid rate, it is expected to slow substantially. As producers must increasingly meet final demand from production rather than from inventories, a fairly strong advance in real output is likely in coming months. Barring any major shocks, such as a sharp rise in imported oil prices, this should set the stage for a sustained recovery.

In the presence of ample capacity to expand production and continuing uncertainties concerning future demand, business spending for plant and equipment is unlikely to increase for several months. Housing investment is also expected to remain sluggish through the early months of recovery, despite continuing inflows of funds to saving and loan associations.

Since the large second quarter gain in real disposable personal income reflected substantial tax rebates and other one-shot government payments, this measure of consumer purchasing power probably will decline somewhat from the second quarter high. But, as the inventory swing continues to be reflected in gains in production and employment, real disposable personal income is likely to begin a steady advance in the next few months. As the expansion continues and consumer confidence in the economy is restored, consumers are likely to spend an increasing share of their growing incomes. Thus, although consumer

spending may be limited by a high saving rate in the early months of recovery, it should provide the needed impetus for continued real growth when the swing in inventory investment subsides.

While recent increases in farm and food prices have sent wholesale and retail prices up sharply, these gains are not likely to persist. The annual rate of increase in prices of industrial commodities has remained below 6 percent.

Despite the uncertainties surrounding energy prices and some indications that producers will be passing through previous cost increases in coming months, there is little likelihood of substantially more rapid inflation any time soon.

The inability of the President and Congress to reach agreement on a phased decontrol program has increased the probability that all controls on domestic crude oil prices will end when the current control authority expires on August 31. Decontrol would have no effect on the price of a large portion of crude oil supplies, and prices of refined oil products would probably climb following decontrol if production were not increased. Even if prices of refined products jumped abruptly in response to the elimination of controls, the increase could be temporary if production adjustments are forthcoming.

#### Productivity Increases Likely

Although there will be some tendency for producers to pass through earlier cost increases as demand improves in coming months, this upward pressure on prices is likely to be offset to some extent by productivity increases. Just as productivity typically drops as output declines faster than employment on the downside of a recession, it usually gains

as output increases faster than employment during recovery. Thus, the ability of producers to expand output without incurring substantial increases in labor costs should contribute to price stability as the recovery gains momentum.

A tightening of the money supply in July resulted in an increase in short-term interest rates in recent weeks. This development does not indicate that the Federal Reserve has shifted to a more restrictive long-term policy. The tightening of monetary policy followed extremely rapid growth of the money supply during the May-June period and was consistent with the Fed's announced target of a 5 to 7½ percent rate of growth in the money supply through mid-1976. Accordingly with private credit demands remaining weak for some time to come, interest rates are likely to stabilize and may decline somewhat from current levels.

#### Consumer Spending Leading Upturn

Second quarter GNP developments supported the widespread opinion that economic recovery is underway. Despite a sharp increase in the rate of inventory liquidation, GNP measured in 1958 dollars was virtually unchanged in the second quarter. Real personal consumption expenditures (in 1958 dollars) increased from a \$532 billion annual rate in the first quarter to \$540 billion in the second and provided the major strength in final demand. Not unexpectedly, the annual rate of real business fixed investment continued to slide, but the decline in this component of GNP was only \$2.6 billion compared with \$8.6 billion in the first quarter. The annual rate of real housing investment, which had previously declined steadily since the second quarter of 1974, was virtually constant.

In addition to the stabilization of real output, the second quarter brought a substantial improvement in the inflation rate. The implicit price deflator for GNP increased at annual rate of 5.1 percent compared with 8.4 percent in the first quarter and 14.4 percent in the final quarter of 1974.

#### Unemployment Rate Drops

The unemployment rate had been expected to increase in July due to the removal of the large June seasonal adjustment. Instead, it declined from 8.6 percent in June to 8.4 percent in July. While developments in a single month do not establish a trend, it may be that the unemployment rate will decline more rapidly than was earlier anticipated.

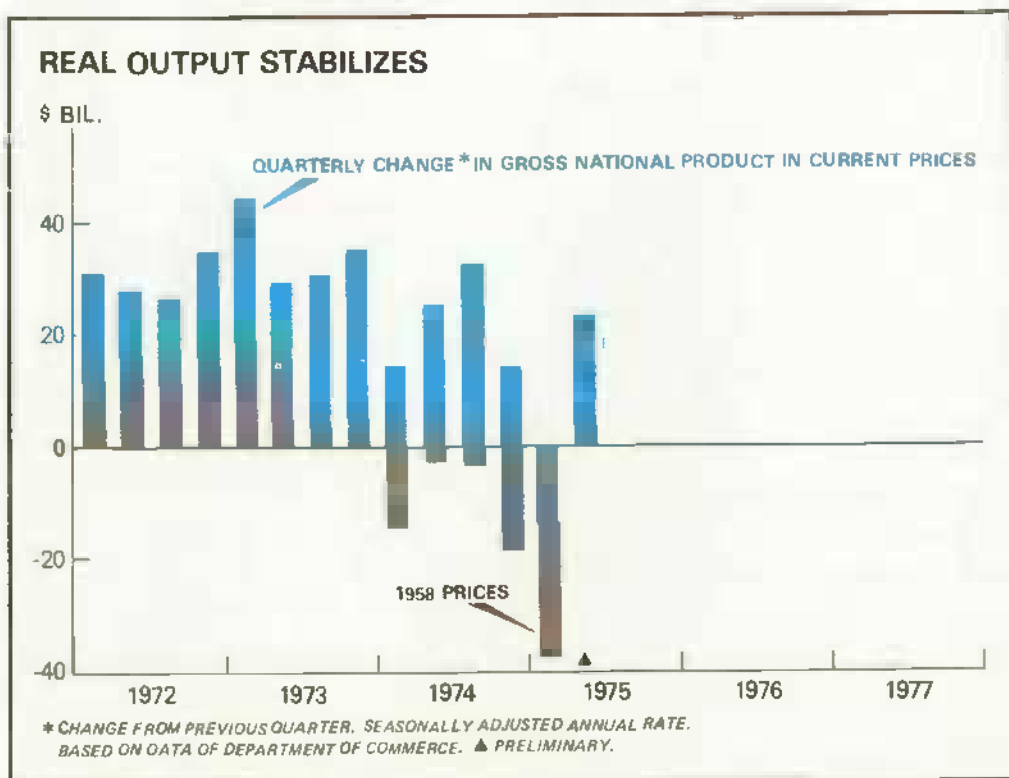
After remaining constant in June, total employment increased from 84.4 million to 85.1 million on a seasonally adjusted basis in July. Total nonagricultural employment has now increased for 4 consecutive months. In addition, the percentage of nonagricultural industries reporting a gain in total employment rose from 41.6 in June to 54.9 in July. (Arthur Malloy)



## FOOD

Sharply higher prices for red meats, poultry, and some fresh vegetables—along with more moderate advances for eggs, dairy products, and fishery items—are expected to result in a large jump in average retail food prices during July-September. Although further small declines for a number of items in the dry grocery line may be partially offsetting, average retail food prices in the third quarter may be up around 4 percent from the previous quarter and about a tenth above a year earlier.

However, fourth quarter food prices are likely to be much more stable. Lower



prices are likely for beef, poultry, and fresh fruits and vegetables resulting from larger expected market supplies. Eggs, pork, and dairy products head the list of foods likely to continue climbing in price during the fourth quarter.

For all of 1975, retail food prices are expected to average around 9 percent above a year earlier, compared with average increases of over 14 percent for each of the 2 previous years. The stronger export demand and higher farm prices for major grain and oilseed crops are not expected to generate much additional upward pressure on retail food prices during the last half of 1975. While higher prices for these commodities may result in somewhat more strength in crop-related food prices, there is the prospect of increased cattle slaughter and, in turn, a little less price strength for livestock-related foods.

A number of conditions in addition to export demand for grains and oilseeds can still be expected to influence retail food prices during the last half of 1975. Unfavorable weather in major agricultural areas, reduced output of livestock and poultry products from levels now expected, stronger than anticipated recovery in general economic conditions, and shortfalls in world output of major imported foods could result in additional strength in retail food prices. Under these conditions, the average increase for all of 1975 could be slightly more than 10 percent above 1974. Conversely, the opposite of these conditions might bring about a softening of retail food prices late this year, with an average increase for all of 1975 a little below 8 percent.

#### July Retail and Wholesale Food Prices Rise

The July Consumer Price Index for all foods rose almost 2½ percent above June, the sharpest monthly increase in about 1½ years, largely reflecting higher prices for fresh vegetables, red meats, and poultry. Grocery store food prices advanced almost 3 percent while snack foods and meals eaten in restaurants were up about 0.5 percent. Compared with a year ago, the all-foods price index averaged about 11.5 percent more, while the nonfood price index was about 9 percent higher.

Reduced supplies of most meat and poultry products brought about by high-priced 1974 feed crops are causing most of the current bulge in retail prices. Retail beef prices rose 5½ percent from June to July, while pork was up 9 percent, poultry rose 9½ percent, and eggs gained 5½ percent. A spurt in prices of potatoes, tomatoes, and green peppers caused a 17 percent increase in fresh vegetable prices. Fresh fruits rose 3½ percent. Partially offsetting were continued declines for cereal and bakery products, nonalcoholic beverages, fats and oils, dairy products, and partially

prepared foods.

The second quarter Consumer Price Index for all foods averaged 0.7 percent above the first quarter of 1975, the slowest advance in 11 quarters. Much of this increase reflected a 1½ percent advance for food away from home prices as grocery store food prices rose only a 0.5 percent. The Consumer Price Index for all items less food,

including both commodities and services, averaged 1.8 percent above the first quarter.

The July Wholesale Price Index for all foods rose 3 percent with much of the rise coming from higher pork, poultry, fish and dairy product prices. Sugar products and cereal and bakery products also rose, but beef and veal prices dropped after 3 months of sharp increases. (Anthony Gallo)

Changes in retail food prices, July 1975

Item	From June 1975	From July 1974
	Percent	Percent
Meat	6.0	22.4
Poultry	9.6	26.9
Fish	1.2	7.8
Dairy products	.1	1.2
Eggs	5.4	13.1
Fats and oils	-2.1	11.3
Fruits and vegetables	6.4	5.7
Sugar and sweets	-3.3	17.3
Cereal and bakery products	-.3	10.7
Beverages	-.5	10.1
Other preparations	-.4	10.4
Food at home	2.9	12.0
Food away from home	.6	8.6
All items less food	-.6	9.1
All food	2.4	11.3

Changes in wholesale prices, July 1975

Item	From June 1975	From July 1974
	Percent	Percent
Eggs	1.3	5.8
Fresh and dried fruits and vegetables	.9	11.6
Cereal and bakery products	1.3	4.6
Meat, poultry, and fish	5.1	25.4
Dairy products	1.8	8.1
Processed fruits and vegetables	-.9	7.4
Sugar and confectionery	4.9	-7.4
Beverages and beverage materials	-.6	11.0
All foods	3.0	10.0
Farm products and processed foods and feeds	3.2	9.0
Industrial commodities	3	8.5





## MARKETING AND TRANSPORTATION

The farm-retail price spread for a market basket of farm foods<sup>1</sup> widened sharply in July accompanying a substantial rise in retail food prices. In the next few months, some further increase in spreads is likely for livestock products, but little change is anticipated for crop products.

The farm-retail spread, representing charges for assembling, processing, transporting and distributing market basket foods, increased nearly 3 percent from June to July, just about recovering decreases which occurred in the second quarter. The July increase resulted mainly from wider spreads for beef, pork, potatoes, and tomatoes. In contrast, marketing spreads decreased moderately for eggs, bakery and cereal products, fats and oil products, and miscellaneous other products including sugar.

The farm-retail spread in July averaged almost a tenth wider than in July 1974. This was a considerably smaller increase than the previous 12 months; in July 1974, spreads were a fourth higher than a year earlier.

The retail cost of the market basket increased about 3½ percent from June to July. This gain was the largest monthly rise since the 8 percent increase in August of 1973 following the end of the price freeze on food products. Higher prices for meats and fresh

vegetables (particularly potatoes and tomatoes) contributed most to the rise. In contrast, retail prices for bakery and cereal products, fats and oil products, and sugar dropped moderately in July. Compared with a year ago, the retail cost of the market basket in July was up 12 percent.

Returns to farmers (farm value of quantities equivalent to retail units) for market basket foods rose about 4 percent from June to July led by higher prices for a broad group of commodities, including hogs, broilers, eggs, wheat, and potatoes. Farm values for beef and fresh fruits decreased. The farmer's share of a dollar spent in retail food stores for market basket foods was 43.1 cents in July, compared with 42.8 cents in June and 41.9 cents in July 1974.

Farm-retail spreads for Choice beef may widen to record levels in August as changes in retail beef prices lag decreases in cattle prices which occurred in late July-early

August. Spreads for pork may also increase in August as marketing firms regain margins that were squeezed in May and June during the runup in hog prices. Spreads for potatoes in August may also widen as retail potato prices may be sluggish in responding to drops at the farm level. In contrast, farm-retail spreads for bakery and cereal products and oilseed products may narrow as farm values for wheat, oilseeds, and sugar increase more rapidly than retail prices for these products. Spreads for processed fruits and vegetables also may decrease in coming months as large stocks of many products curb increases in wholesale and retail prices. (Henry T. Badger and Denis Dunham)

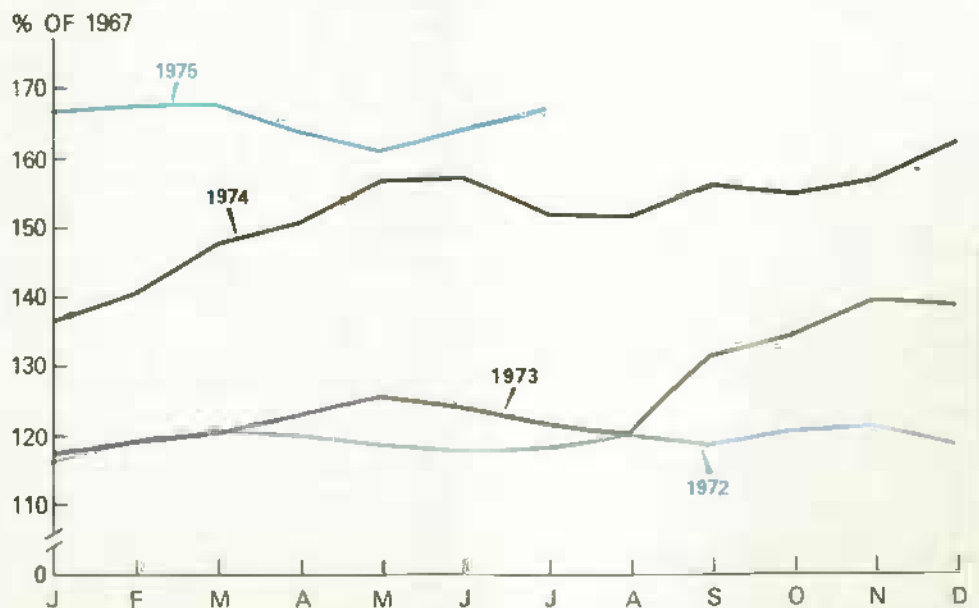
### Transportation System Better Able to Handle Exports

Recent Soviet purchases of U.S. grain have raised concern about the impact of these sales

Changes in Market Basket Values, July 1975

Item	Retail cost		Farm value		Farm-retail spread	
	Month ago	Year ago	Month ago	Year ago	Month ago	Year ago
	Percent					
Market basket	3.4	12.0	4.1	15.0	2.9	9.8
Meat products	6.5	23.9	2.6	33.2	13.8	10.9
Dairy products	-5	-4	.7	2.1	-1.5	-2.7
Poultry	9.7	27.3	15.4	42.7	1.1	7.3
Eggs	5.0	11.2	11.4	11.0	-5.1	11.7
Bakery & cereal products	-1.1	8.5	10.8	-21.1	-3.3	17.8
Fresh fruits	7.4	8.9	-8.5	6.8	16.0	9.8
Fresh vegetables	17.7	3.2	8.3	27.0	24.3	-7.5
Processed fruits & vegetables	-4	12.0	1.0	13.7	-.8	11.5
Fats and oils	-3.5	5.9	14.0	-26.3	-10.7	37.3
Miscellaneous products	-3.0	6.9	7.1	-22.3	-5.0	16.8

### FARM-RETAIL SPREAD FOR FOOD WIDENS FURTHER



THE SPREAD IS THE GROSS MARGIN RECEIVED BY MARKETING FIRMS FOR ASSEMBLING, PROCESSING, TRANSPORTING, AND DISTRIBUTING A MARKET BASKET OF FOOD.

<sup>1</sup>The farm-retail spread is the difference between the retail cost and farm value of a market basket of U.S. farm-originated foods. The market basket represents the average quantities of those foods purchased annually per household in 1960-61. Retail cost is based on an index of retail prices for domestically produced farm foods, a component of the Consumer Price Index, published by the Bureau of Labor Statistics. The farm value is the payment to farmers for equivalent quantities of food products minus allowances for byproducts.

on our transportation system. Many people vividly recall the massive transportation shortages that followed the 1972 sales. While current sales are sufficiently large to justify careful watching of developments in transportation and in the timing of movement of sales, there are some substantial differences between the current situation and that in 1972 and 1973.

A major difference is that adequate grain storage is now available at country points for incoming harvests. In 1972, local storage capacities were nearly full prior to harvest. Stocks of grain were about half of 1972 levels at the beginning of July this year.

Another difference is the state of the economy. Railcar loadings of all goods this year have been about 15 percent lower than in 1973 and 1974 and show no signs of sharp upturns. In the last half of 1972 and in 1973, the general economy was expanding sharply, creating pressures on transport equipment supply.

#### Grain Shipments Increase

Weekly grain railcar loadings increased substantially during June and July this year, peaking at about 32,000 during the week ending July 12. Carloadings were slightly more than 27,000 in the second week of August, close to average levels of 1974 but still substantially below 1973. Carloadings of grain during mid-July exceeded 1974 levels. Grain loading activity can be expected to slacken a bit toward the end of summer and again increase in the fall, if past seasonal patterns continue to hold. Aside from the impacts of export sales on transport equipment needs, grain harvest seasons normally put pressure on available equipment.

Recent barge shipments of grain have been strong, well over last year's levels at this time and a bit over 1973 activity. Grain shipments by barge during July have been at their highest levels all year. Some slowing of shipments in the late summer and early fall is likely, with renewed levels later in the fall. Shipments during the week ending August 1 were about 673,000 metric tons, somewhat lower than this year's peak of about 808,000 metric tons per week reached in mid-July.

In addition to the current adequacy of rail equipment, there is a worldwide surplus of tankers and ocean bulk carriers. In an effort to balance the number of grain cars arriving at ports and the availability of ships for the heightened export activity, the Interstate Commerce Commission (ICC) is establishing a monitoring system at various gateways (including Kansas City, Dallas-Fort Worth, Des Moines, Omaha, St. Louis, and Shreveport) and the larger interior elevators. It is anticipated that most of the wheat sold to the Soviet Union will flow out of Texas gulf ports. If activity becomes too heavy at export grain elevators, the ICC could take action to assure an orderly flow of railcars to major ports.

Excluding grain, railcar loadings of farm products were far below 1974 levels in the early part of this year, but the gap has con-

tinued to narrow. Traffic peaks will not occur until the fall because of the highly seasonal nature of these movements. Activity can be expected to increase in coming months, although it is doubtful that it will reach the levels of 1973. Carloadings of these farm products were about 6,200 during the week ending August 9, above last year's comparable week for only the third time this year. Carloadings of farm products other than grain have totaled about 238,000 this year through early August, more than one-fourth below a year earlier.

What could substantially change the transportation situation would be the refusal of members of the International Longshoremen's Association to handle recently ordered U.S. grain shipments to the Soviet Union. A similar possible interruption for 1972 was prevented when commitments were made for U.S. vessels to haul one-third of the grain, Russian vessels one-third, and third-nation flagged ships the remainder. Union officials have proposed a 50-50 share between U.S. and Russian ships.

#### Rail Reorganization Moves Ahead

In an event affecting the longer term outlook for the rail network, the U.S. Railway Association (USRA) sent its Final System Plan to Congress on July 28. If approved, the proposed restructuring of the seven bankrupt railroads in the Northeast and Midwest into a 15,000 mile system to be operated by the Consolidated Rail Corporation will begin in 1976. Under the rail reorganization act of 1973, Congress has 60 days of continuous session to consider the plan. The plan will be considered approved if not disapproved within that time.

Implementation of the act will depend on amendments, primarily with respect to financing, which the USRA will propose to Congress after its summer recess. The ICC was expected to complete its evaluation of the plan by August 25. Depending on the scheduling of Congressional sessions, the plan could be deemed approved by November 6.

The plan proposes that the regional rail industry structure will be balanced among three major carriers, with ConRail accounting for about 37 percent of the region's net ton-miles yearly, the Chessie system 32 percent, Norfolk and Western 21 percent, and smaller solvent railroads 10 percent.

If the plan is not disapproved by Congress, solvent railroads will have 30 days to accept the offers to sell the bankrupts' rail properties. By early January, agreements must be reached on the sale of properties of the solvent lines to ConRail or other solvents. Certified copies of the final plans are due to the courts by early February and deposits of securities by ConRail and cash by solvents with a special reorganization court 10 days thereafter. By late February or early March, the special court is to decide on the conveyance of properties, and ConRail operations would then commence. (Deborah D. Pollock)



## COMMODITIES

Crop prospects have declined since July with hot dry weather in the western Corn Belt pulling the feed grain crop down around 4 percent by August 1. Weather continued dry in early August but beneficial showers fell over much of Iowa at midmonth. However, based on August 1 conditions, U.S. grain crops were still at record high levels. The corn crop was forecast at 5.85 billion bushels, a fourth above 1974's weather-reduced output, while wheat may hit 2.1 billion bushels, a fifth above last year. Soybean output, estimated at 1.5 billion bushels, would be up 18 percent from 1974 and the second largest on record.

Grain prices rose in July and early August, initially based on U.S. grain sales to the USSR and later by reduction in our grain crop prospects. Although grain prices have increased sharply, they remain below year-earlier levels.

USDA has announced there will be no set-aside programs in 1976 for wheat, feed grains, and upland cotton.

Feeding margins for livestock and poultry have improved recently from the poor conditions that existed in the livestock industry over most of the past 2 years. However, cattle feeders and hog producers will not be anxious to expand until uncertain short run conditions are clarified. Placements of cattle on feed dropped from a year ago in July after edging up the previous 4 months. Midyear hog inventories were down sharply from a year ago as hog producers reduced farrowings. Output of eggs, broilers, turkeys, and milk ran below year-earlier levels in mid-1975.

As a result of these conditions, midyear market prices of most livestock and livestock products are above 1974 summer levels.

The Soviet grain crop estimate has been further reduced to 175 million metric tons,



20 million tons below 1974. This latest decline in the estimate, by 5 million tons, reflects a change in the USSR's estimate of its acreage in grain, not a deterioration in its growing crop.

In late July, the USSR purchased 9.8 million metric tons of wheat and feed grains from the United States. However, no further U.S. sales are being made to the Soviet until our domestic grain crop picture becomes clearer.

Deteriorating prospects for the 1975 world grain crop and possible expansion in the world livestock and poultry industry point to a strong world demand for grain. As a result, U.S. grain export estimates in 1975/76 have been pushed upward.

### Crop Output Rising in 1975

Crop production in 1975 is recovering from the extremely poor growing conditions in 1974, though farmers are still plagued by locally poor weather, particularly in the western Corn Belt. However, total crop production is expected to be up a tenth from last year and slightly above the 1973 record. This year's crop will come from a few more acres, while crop production per acre is up nearly 10 percent. Only 1972 and 1973 registered larger output per acre.

Feed grain production appears to be making the greatest comeback from 1974, increasing more than a fourth. Feed crops suffered the most from last year's poor weather. Somewhat better growing conditions this year helped push corn yields up from 71 to 87 bushels per acre and sorghum yields from 45 to 55 bushels. Feed grain acreage for harvest is up around 4 million acres.

Food grain production, chiefly wheat, is likely to increase about a fifth in 1975. Wheat yields rose from 27 to 31 bushels per acre, and larger acreages also contributed to the increased output. The gain in oil crop production reflects a million-acre increase for soybeans along with somewhat greater yields. Cotton production is expected to be down sharply from last year. Cotton yields are expected to increase, but not enough to offset the 26-percent acreage decline. Production of tobacco and sugar crops is forecast higher, reflecting a rise in acreage. (Donald Durost)

### Soybean Supplies At Record Levels

Soybean supplies are expected to be record large in the 1975/76 marketing year beginning September 1. As of August 1, soybean production was estimated at 1.46 billion bushels, 18 percent above 1974 and second only to the record 1.55 billion bushels of 1973. Both larger acreage and higher yields account for the increase over last year. Acreage for harvest was estimated at 53.5 million, up 2 percent. Larger plantings in the South Central and Atlantic States more than offset a decline in the North Central States. Yield per acre is estimated at about 27 bushels, up

Crop production indexes, United States			
Item	1973	1974	Preliminary 1975
	(1967=100)		
All crops	120	110	122
Feed grains	115	92	116
Hay and forage	109	104	105
Food grains	113	120	141
Sugar crops	112	107	127
Cotton	175	157	127
Tobacco	88	100	113
Oil crops	155	129	146
Cropland used for crops	104	106	108
Crop production per acre	115	104	113

around 3½ bushels from last year's low level. With added carryover, total supplies are estimated at an all-time high 1.7 billion bushels, a fifth above last year and 4 percent above the previous record of 1973/74.

However, total soybean use is not expected to match production, resulting in moderately lower prices and a further buildup in carryover stocks on September 1, 1976. Total use is expected to range between 1.2 and 1.3 billion bushels, compared with 1.18 billion now estimated for 1974/75. Both crushings and exports are expected to increase. Crushings may total 725 to 775 million bushels, up from the 695 million in the previous year. Exports may increase some from the 410 million bushels estimated for the current season, possibly to as much as 425 to 475 million. Major factors which will influence domestic crushings and exports are the pace of economic recovery both at home and abroad, profit margins in the livestock industries in the United States and foreign countries, and competition from foreign supplies. Carryover stocks on September 1, 1976, are expected to increase to a new record—between 350 and 450 million bushels, compared with 220 million estimated at end of the current marketing year.

Recent purchases of wheat, corn, and barley by the Soviet Union—increasing speculation that they may buy soybeans—and drought in some parts of the Midwest have strengthened prices. Soybean prices (No. 1 yellow, Chicago) rose from about \$5.00 per bushel in early July to around \$6.25 by mid-August. However, there have been no reported sales of soybeans to the Soviet Union, although their sunflower seed crop may be a tenth below last year's 6.8 million metric tons. Prices between now and harvest will be influenced by crop developments and demand expectations for the coming year. Farmers continue to hold large quantities of soybeans in anticipation of rising prices. They likely will own a substantial share of the large carryover this September 1. (Stan Gazelle)

### Feed Grain Supplies Up

Reduced crop prospects, sluggish expansion in domestic feeding, stronger export demand, and stronger prices highlighted the feed grain situation during July and August.

The Nation's corn crop to be harvested this fall was estimated at 5.85 billion bushels on August 1, a fourth above the flood-drought-frost shortened 1974 outturn, but 3 percent below the July 1 estimate. Dry weather was still causing concern during August in the western Corn Belt, although beneficial showers fell in Iowa at mid-month. Weather in the eastern Corn Belt has been mostly good to excellent and will partially offset some of the poor weather in the western region.

The first estimate of the sorghum crop was 811 million bushels, 30 percent above last year's small production, although 13 percent below the record 1973 crop. The forecasts of oat and barley harvests were off a bit from the July 1 levels but were still 12 percent and 26 percent above 1974 production, respectively.

Average price received by farmers for soybeans	
Marketing year	Dollars per bushel
1972/73	
Sept.-Nov. <sup>1</sup>	3.26
Dec.-Feb. <sup>1</sup>	4.52
Mar.-May <sup>1</sup>	6.82
June-Aug. <sup>1</sup>	8.56
Season average <sup>2</sup>	4.37
1973/74	
Sept.-Nov. <sup>1</sup>	5.53
Dec.-Feb. <sup>1</sup>	5.86
Mar.-May <sup>1</sup>	5.44
June-Aug. <sup>1</sup>	6.26
Season average <sup>2</sup>	5.68
1974/75	
Sept.-Nov. <sup>1</sup>	7.64
Dec.-Feb. <sup>1</sup>	6.35
Mar.-May <sup>1</sup>	5.31
June-Aug. <sup>1</sup>	5.08
Season average <sup>2</sup>	6.25

<sup>1</sup> Simple average. <sup>2</sup> Weighted by monthly sales.  
<sup>3</sup> June-July average. <sup>4</sup> ERS estimate.

Output of feed grains may total around 207 million short tons, a fourth above the small 1974 outturn. Coupling the small 15 million ton carryover of old grain to the crop estimate gives a supply of 222 million tons for the 1975/76 marketing season, up nearly a fifth from the previous year.

Domestic feeding in 1974/75 will be down around 22 percent because of high feed prices relative to livestock prices. Henceforth, a substantially smaller feeding base sets the stage for 1975/76. The domestic feeding industry has been banking on ample feed supplies that would provide relief from the cost-price squeeze it faced in 1974 and early 1975. Late summer is the typical time when cattle feeders plan their coming feeding season. With crop prospects reduced from July 1 and the recent surge in feed prices, cattle feeders may shade plans for feeding substantially more animals this fall.

Hog numbers were down about a fifth on June 1 and producers probably will be cautious in their expansion plans for farrowings, in spite of favorable feeding ratios. Hog men may continue to haul their grain to market instead of feeding it. Outlook for feed demand by the poultry and dairy feeding sectors appears more optimistic. Nevertheless, since domestic feed demand largely pivots around the hog and cattle industries, domestic feed demand in 1975/76 will likely increase from the year before, but remain well below the peaks in 1972/73 and 1973/74.

Dominating U.S. crop markets in July and August was the deteriorating grain crop of the Soviet Union (and their subsequent purchase on the world market of around 6 million metric tons of coarse grain) and reduced crop prospects in Europe and Canada. The Soviets may need to purchase additional grain to cover their 1975/76 requirements. These developments give rise to the likelihood of record U.S. corn export demand in 1975/76 of 1.3 to 1.5 billion bushels. In 1974/75, exports are totaling around 1.1 billion bushels, the third consecutive billion-bushel-plus year.

Deterioration in the Soviet Union grain crop and declining prospects for the U.S. and world grain crops have pushed up grain and oilseed markets in recent weeks. Corn prices at Chicago rose from around \$2.80 per bushel in early July to some \$3.10 at mid-August.

In October-December 1974, daily prices of corn at Chicago ranged between \$3.22 and \$3.96 a bushel. If the August crop forecast and projection of domestic demand and exports are realized, Chicago corn this fall could trade in the neighborhood of \$2.75 to \$3.25 per bushel. Sluggish feed demand will tend to temper any price rise through the winter. Next spring, prices will begin to be influenced by the outlook for 1976. (Jack S. Ross)

#### Wheat Output Record Large

This year's wheat crop as of August 1 was expected to total a record shattering 2,141

million bushels, a fifth above the old record set in 1974. Wheat supplies will also grow sharply, topping last year by more than a fifth. The supply is the largest since the early 1960's when bin busting stocks were swelling supplies despite attempts to hold down production. In contrast, this year's large supply is built on a record resulting from farmers' all-out production efforts.

The world's demand for the 1975 U.S. wheat crop also appears headed for a record. Initial projections of the 1975 world wheat crop pointed to world wheat trade running at near the levels of the past 3 years and U.S. exports holding at a billion plus bushels. But the situation has changed and subsequent events have pushed U.S. export prospects upward so that they could approach the 1972 record of 1,186 million bushels, and could exceed it by almost 15 percent. The following conditions have contributed to this upsurge: (1) A further reduction in USSR grain production prospects and their anticipated re-entry into the U.S., Canadian, and Australian markets for substantial grain purchases. (2) Lower than expected crop outturn in some major exporting countries, most noticeably Canada and Australia. (3) Reduced grain crop prospects in Western and Eastern Europe. (4) Prospects of another drawdown in world wheat stocks.

Through the end of July nearly 400 million bushels of wheat sales were outstanding, about the same as a year ago. A large portion of this year's sales are to the USSR and India. The USSR purchased 4.2 million metric tons of wheat from the United States in July, which was in addition to the 0.2 million tons carried over from the 1974/75 crop year.

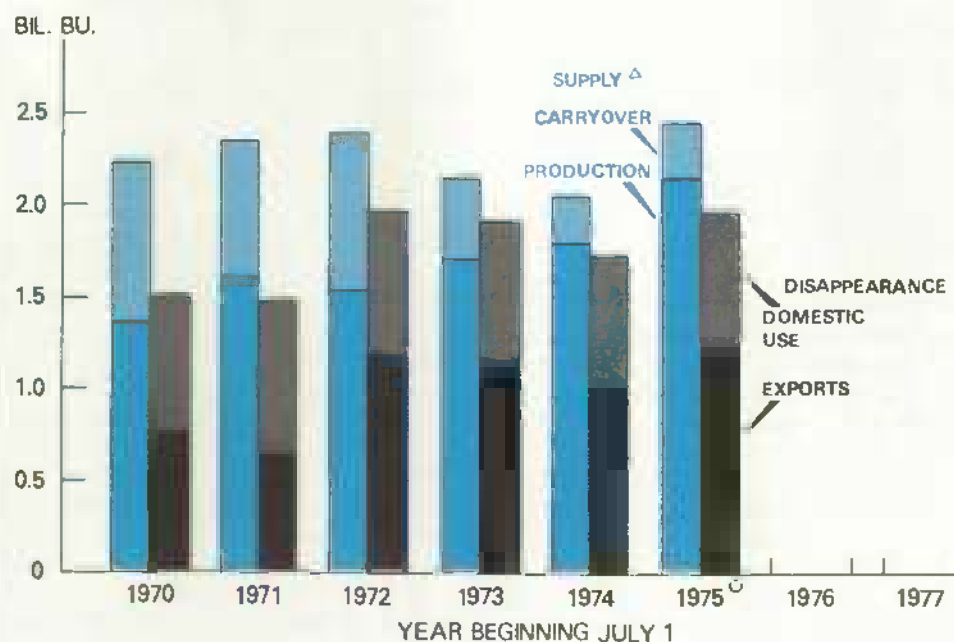
Recovery in U.S. wheat feeding continues

to be dampened by the lagging recovery in the livestock feeding industry and the sharp jump in wheat prices which has widened the spread between wheat and feed grain prices. Consequently, total domestic use may run near last year's 686 million bushels. However, if export demand approximates only 1.2 billion bushels, increased wheat feeding could swell domestic use by 5 to 10 percent. In any case, total disappearance in 1975/76 will fall short of the 1975 crop, leaving some wheat for adding to stocks. Depending on the strength of the export demand, stocks next summer could range from 425 million bushels to as much as \$75 million, compared with this summer's 319 million.

Wheat prices at the start of harvest were averaging around \$3.00 per bushel, almost a dollar a bushel below a year ago. Rumors of large purchases by the USSR, followed by a partial confirmation, along with the normal early season demand quickly added 20 to 25 percent to wheat prices. By mid-August most wheat was trading only slightly below year-earlier levels and at many markets had again pierced the \$4.00 a bushel level. As long as uncertainty about world grain supplies and export demand dominates the market place, wheat prices will continue unusually strong.

Whether markets follow a contra-seasonal pattern as they did last year or a more normal seasonal pattern will depend on the size of the U.S. wheat and feed grain crops and the size and pattern of export shipments. The latter will be dependent upon world crop prospects and import requirements for 1975/76. If crop prospects in the USSR and some of the other major producing countries continue to deteriorate, U.S. wheat prices could

#### U.S. WHEAT SUPPLIES LARGER



△ INCLUDES IMPORTS. ○ MID-POINT OF PROJECTED RANGES



## The Corn and Soybean Situation at a Glance

Commodity	Marketing year <sup>1</sup>		
	1973/74	1974/75 forecast	1975/76 projected
<b>CORN:</b>			
	Million acres		
Acreage			
Set aside	6.0	---	---
Planted	71.9	77.7	77.7
Harvested	61.9	65.2	66.9
Yield per harvested acre (bushels)	91.2	71.3	87.4
	Million bushels		
Beginning stocks	709	483	335
Production	5,647	4,651	5,850
Imports	1	1	1
Supply, total	6,357	5,135	6,186
Feed	4,193	3,250	3,500-3,800
Food, seed and industrial uses	438	450	465
Domestic, total	4,631	3,700	3,965-4,265
Exports	1,243	1,100	1,500-1,300
Use, total	5,874	4,800	5,465-5,565
Ending stocks	483	335	721-621
<b>SOYBEANS:</b>			
	Million acres		
Acreage			
Planted	56.7	53.6	54.6
Harvested	55.8	52.5	53.5
Yield per harvested acre (bushels)	27.7	23.5	27.2
	Million bushels		
Beginning stocks	60	171	220
Production	1,547	1,233	1,458
Supply, total	1,607	1,404	1,678
Crushings	821	695	725-775
Exports	539	410	425-475
Seed, feed, and residual	76	79	78-78
Disappearance, total	1,436	1,184	1,228-1,328
Ending stocks	171	220	450-350

<sup>1</sup> Marketing year beginning October 1 for corn and September 1 for soybeans.

average at or above current levels putting the average price to farmers for 1975/76 near the \$4.00 per bushel average of the past 2 years. If crop conditions should hold and world grain supplies do not tighten further, prospective buildups in U.S. wheat and corn stocks could bring pressure to bear on prices later in the year. In this case, the price to wheat farmers in 1975/76 could average below the levels of the past 2 years. (Frank Gomme)

### Hog Slaughter Still Down, Prices to Remain Strong

Commercial hog slaughter and pork production during the second half of the year will likely trail both first half and year-earlier levels. July-December slaughter is drawn largely from the December 1974-May

1975 pig crop. At 35.3 million head, the December-May crop was down 22 percent from a year ago. This largely reflects the liquidation of breeding stock which began in the summer of 1974 when returns to producers were squeezed. Second-half slaughter will likely be reduced by a similar percentage.

Hog slaughter dropped below year-earlier levels in January, ranging from only a slight reduction in February to a 25 percent decline in May. First-half commercial hog slaughter at 36.6 million head represented a decline of 11 percent from a year earlier. Third quarter slaughter could be off 16 to 19 percent from a year ago, based on the June 1 distribution of market hogs on farms by weight groups. With relatively high feed grain prices, average slaughter weights will likely remain below year-earlier levels through summer. July-

September commercial pork production may be down approximately 20 percent.

Hog slaughter usually increases in the fall from its summer lows, reflecting the seasonal pattern of farrowings. Most of the hogs slaughtered during October-December are pigs in the June 1 inventory weighing less than 60 pounds—largely the March-May pig crop. This year there were 22 percent fewer light-weight pigs on farms than a year earlier. If hog slaughter during the October-December quarter is reduced as much as suggested by the inventory data, fourth quarter slaughter could be only as large as the summer level.

Assuming no movement toward further liquidation of breeding stock, potential gains in pork production for the balance of 1975 are restricted to increases in slaughter weights.

Only with lower feed grain prices this fall and continued strength in hog prices will producers be encouraged to increase finish weights of market hogs above normal seasonal averages. This increase in average slaughter weights could be sufficient to raise October-December commercial pork production above the third quarter even if slaughter is no larger. Any seasonal increase in production, however, would be small with pork output still down as much as 20 to 25 percent from a year earlier.

The June survey of hog producers indicated a 13 percent reduction in June-November farrowing intentions. If realized, this would result in a similar reduction in slaughter during the first half of 1976.

Should feed grain prices remain near current levels, significant increases in pork production could be delayed until well into 1977.

Barrows and gilts at 7 markets averaged \$57 per 100 pounds during July and have held near that price through mid-August. Even if prices move lower during the remainder of August and September, third quarter prices could still average in the mid-\$50's, compared with the previous peak quarter of \$49 in July-September 1973. Considering the relatively small pork supply expected for the remainder of the year, prices are likely to continue at or above the \$50 mark through yearend. Larger beef output this fall along with expanding broiler production will tend to put some downward pressure on hog prices later this year even though pork production will remain low. (Eldon Ball)

### Cattle Inventory Continues Up, But Is Slowing

The mid-year inventory of cattle and calves on farms was 140 million head. While record large, this was only 1 percent over July 1974, indicating slowing growth in the herd.

Sharp increases in cow and calf slaughter have been largely responsible for checking the growth rate. Cow slaughter during the first half of 1975 was up a half from last year. However, higher slaughter rates were offset by more heifers moving into the breeding herd. The beef cow herd grew



approximately 3 percent over last year. The inventory of heifers 500 pounds and over held for beef cow replacements was down 7 percent suggesting the herd may now be peaking and could turn marginally lower by next January 1.

The July 1 calf crop was a record 51.8 million head, 2 percent above the previous high in 1974. The increase in the calf crop, however, was not as large as suggested by the January 1 cow inventory. Calving rates fell partly due to the general poor condition of cattle going into the winter last year, winter storms, feed of low nutritional value, and more than the usual number of first-calf heifers in the breeding herd this year. (Eldon Ball)

#### Cattle Feeding Drops

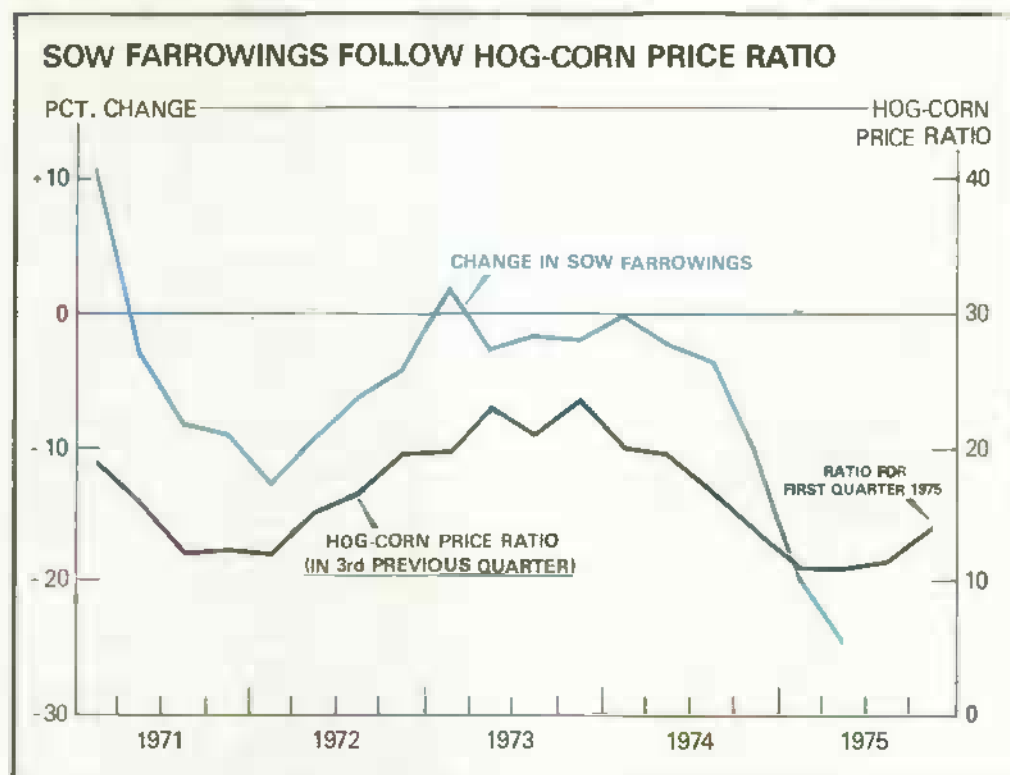
Considerable uncertainty surrounding future feed grain and fed cattle prices surfaced in the 7-States' Cattle on Feed report. July placements of cattle and calves on feed were down 13 percent from July 1974, ending a 4-month trend of increased placements over year-earlier levels. Marketings of cattle from feedlots exceeded placements during July for the first time since February of this year resulting in a small decline in the inventory of cattle on feed.

The apparent reversal of any trend toward increased cattle feeding activity can be attributed to an atypical seasonal pattern of placements during the second quarter of this year. While placements normally decline from April through June, favorable feeding margins resulting from substantial reductions in fed cattle slaughter and large supplies of feeder cattle spurred sharp increases. It is unlikely that the pace of the second-quarter can be sustained through the summer given the recent surge in feed costs and expected lower fed cattle prices. With the pessimism currently surrounding the domestic feeding industry, significant increases in placements are unlikely prior to seasonal movements of cattle off pasture. However, placements in the second half are likely to exceed year-earlier levels.

Fed cattle marketings are likely to increase later this year from the low spring level. Perspective increases in fed cattle numbers are not sufficient to significantly lower fed cattle prices. However, more nonfed slaughter could push cattle prices from current levels of near \$46 to the low \$40's by yearend. Further erosion of feeder cattle prices is likely as higher feeding costs and lower fed cattle prices squeeze feeding margins. (Eldon Ball)

#### Wholesale Dairy Product Prices On The Rise

Wholesale butter and cheese prices posted substantial gains during July and early August. Wholesale butter prices were quoted at about 83 cents per pound in Chicago by mid-August, up about 14 cents from mid-June when butter prices were at CCC's sup-

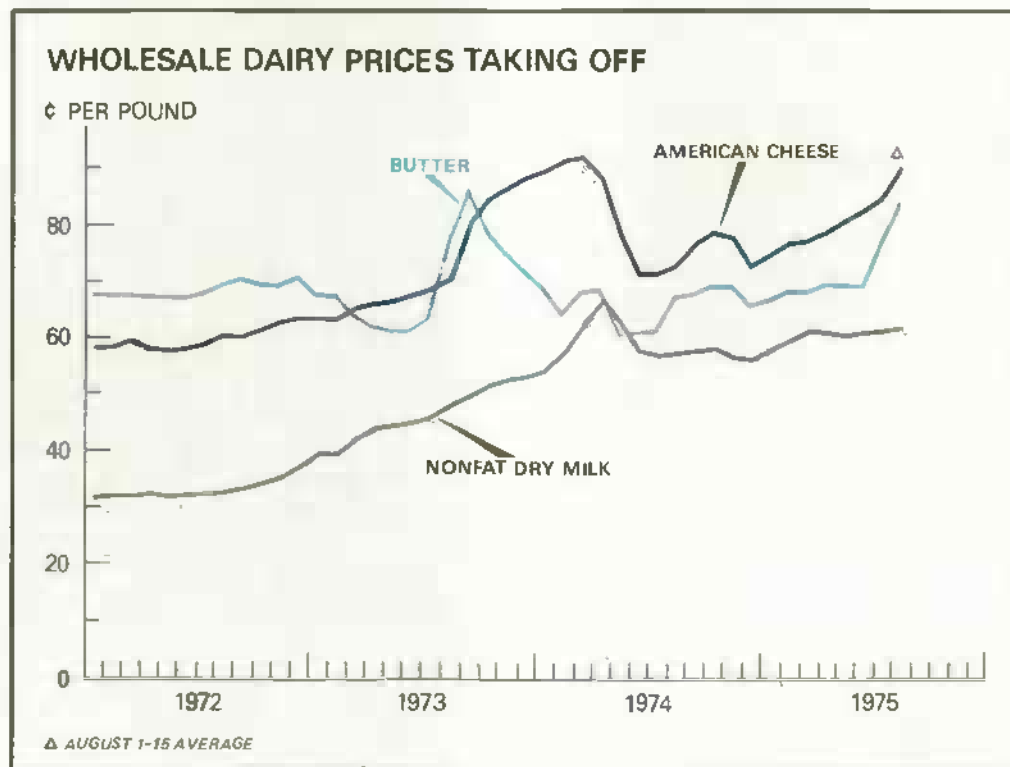


port purchase prices. American cheese prices reached about 89 cents per pound at Wisconsin assembly points by mid-August, up about 10 cents from mid-May. Some further gains in butter and cheese prices may be forthcoming. Nonfat dry milk prices also started showing some improvement after holding near CCC's support purchase level since June of last year.

Falling production, moderate seasonal stocks, and continued strong sales in the face of falling margarine prices contributed to the rises in butter prices. Declines in American cheese production have helped boost cheese

prices, now that stocks are at workable seasonal levels. Higher retail meat prices and stronger sales of other cheese varieties have brightened the sales picture. Although sales of nonfat dry milk to the government have practically ceased and the heavy supply picture has eased, the nonfat dry milk market remains somewhat sluggish. Nonfat dry milk prices may show only small rises in coming months, at least until sales start strengthening.

Milk production in July was below a year ago for the third straight month. July's decline of over 1 percent was the sharpest drop



from year-earlier levels since April 1974. The decline in the size of the Nation's dairy herd remains quite small but the unusual drop in milk production per cow sharpened in July. The midyear drops in output per cow, the first such declines since the fall of 1973, reflect continued smaller feeding of grain and concentrates and some localized heat stress and forage problems.

Lower slaughter cow prices, limited economic alternatives for dairy farmers, and a large number of herd replacements are likely to hold the drops in milk cow numbers at low levels in coming months. Improved milk-feed price relationships later this year could lead to increased feeding rates and resumption of more normal gains in output per cow. Milk production later this year may be showing some gains over year-earlier levels.

Farmers received an average of \$8.11 per hundred pounds of milk in July, up 17 cents from June and 50 cents above last July. Wholesale price boosts and increasing fluid milk sales will lead to higher farm milk prices in coming months. During the rest of 1975, farmers should receive more for their milk than in late 1974. (James J. Miller)

#### Broiler Prices to Remain Strong

Broiler output is gaining and will exceed year-earlier levels in coming months as market prices stay above the cost of production. Prices have eased from the high levels of early July but are expected to remain strong and well above a year earlier through September.

Producers have responded to the strong markets in recent months by stepping up hatchery activity. Chick placements began to exceed last year's levels in late June and placements for August marketings were about equal to a year earlier and up 8 percent for September. Thus, broiler meat output this summer likely will be slightly larger than in April-June and about equal to July-September 1974. Broiler meat output in June was down about 1 percent from both May and a year earlier. Weekly reports show that July's output was about 2 percent less than in July 1974.

Broiler prices will stay strong through September despite increasing output. Prices will be strengthened by lower total meat supplies and higher beef and pork prices relative to a year ago.

Broiler prices eased in late July and early August after reaching their highest levels since the abnormal peaks of August 1973. The 9-city wholesale broiler price averaged 51 cents a pound (ready-to-cook weight) in July, up 2 cents from June and 15 cents above July 1974. Although prices have eased in recent weeks, they are still well above any other recent year except 1973.

Turkey prices are well above a year ago and likely will remain higher during the main marketing season in September-December as supplies lag 1974 levels. Lower cold storage

turkey stocks, combined with lower summer output, and high red meat prices will hold turkey prices at relatively high levels. New York wholesale prices for 8 to 16 pound young hen turkeys averaged 56 cents a pound in July, nearly 3 cents above June and 16 cents higher than a year earlier. However, turkey output may exceed year-earlier levels later this year as a result of an increased set of turkey eggs and more turkey poult production in recent weeks. (William E. Cathcart)

#### Egg Output Drops

Egg production during August and September may be down around 5 percent from the same months of 1974. Consequently, prospects are for egg prices to advance further this summer.

Egg production will be lower in coming months as layer numbers and the rate of lay continue below a year ago. Layer numbers may gain on year-ago levels but the rate of lay will lag. Layer numbers have gained slowly in recent months despite fewer pullets entering the laying flock. The decline in replacement pullets entering the flock was more than offset by reduced culling and forced molting of old hens. This has resulted in an older laying flock and a decline in the rate of lay.

Egg prices rose seasonally in late July and have remained steady in early August. New York wholesale prices for grade A large eggs averaged nearly 53 cents a dozen in July, 3 cents below June but nearly 4 cents above last July. Prices in mid-August averaged around 56 cents a dozen, up from 52 cents a year earlier. (William E. Cathcart)

#### Sugar Prices Firming

After falling steadily for 7 months, U.S. raw sugar prices rose in July, averaging about \$20 per cwt. (New York spot), up nearly \$4 from June. Prices continued increasing into August, with U.S. raw prices rising to over \$23 per cwt. by mid-August. U.S. prices of raw sugar may fall in the \$17 to \$22 per cwt. range this fall.

The 1975/76 world sugar crop may be 4 to 6 million tons larger than the 87½ million short tons (raw value) produced in 1974/75.

U.S. production of both sugarcane and sugarbeets this year is likely to be up sharply from a year ago. As of August 1, sugarcane output was expected to total 28½ million tons, up 14 percent from 1974. A sharp expansion in sugarbeet acreage may push 1975 production up by more than a fourth to about 28 million tons. Sugar stocks in this country on August 1 were down nearly a fourth from a year earlier. Beet sugar processors need room for the prospective larger crop this fall while cane sugar refiners are maintaining lower stock levels than in previous years.

Per capita consumption of refined sugar in the United States may be less than 90

pounds this year, lowest since the sugar-short World War II years. This decline stems from consumer resistance to high prices of sugar and sugar-containing products, as well as increasing availability of new high-fructose corn sirup.

Increases in world sugar demand are likely to slacken this year with consumption declines expected in the European Community, Japan, and Canada as well as in the United States. (Frederick Gray)

#### Brazilian Freeze to Reduce 1976/77 Coffee Crop

Freezing weather in mid-July severely damaged coffee trees in the Brazilian states of Parana and Sao Paulo. While the frost had little effect on the size of the 1975/76 Brazilian crop—23 million bags, now largely harvested—the 1976/77 crop will be sharply reduced. Next year's Brazilian crop, which was expected to be about 25-28 million bags before the freeze, may be less than half that amount.

The 1975/76 world coffee crop is now expected to total about 72.4 million bags (132.3 pounds each), 8 percent below the year before. Much of this drop will result from the smaller 1975/76 Brazilian crop. The remainder of the decline is expected to come from poorer crops in Colombia, El Salvador, Angola, and the Ivory Coast.

Exportable production (total harvested output less estimated domestic use in producing countries) is estimated at about 53 million bags, down 12 percent from last year. World import demand for the 1975/76 crop year may total 57 to 58 million bags, thus, causing a reduction in world stocks.

Coffee prices are expected to rise sharply in coming months because of the recent Brazilian freeze. The Brazilian Coffee Institute has about 15 million bags of coffee in reserve, and trade sources estimate that Brazilian growers may be holding another 6 million bags. Brazil normally exports about 18 million bags a year, and uses about 8 million bags domestically. Thus, there will be adequate supplies to meet world needs. However, coffee prices have already reacted to the prospect of next year's short crop, which is yet to come.

Coffee stocks in the United States at mid-year were way below a year ago as roasters kept their inventories down in anticipation of a large 1975/76 crop and potentially lower prices this year. However, imports may increase later this year as U.S. roasters attempt to build up stocks.

Green coffee prices in July increased about 20 cents per pound from the June average of 55 to 65 cents per pound for Arabica coffees (New York Spot). At \$1.27 per pound in July, retail roasted coffee prices may reach \$1.50 to \$2.00 in the next 3 to 9 months. Price gains in coming months will depend largely on consumer resistance to higher prices. Also the



higher prices likely will take a toll on coffee consumption. (Frederick Gray)

#### Prices of Noncitrus Fruit May Average Lower

Noncitrus fruit production, pegged at 11.7 million tons as of August 1, is about 5 percent above last season's utilized levels and 7 percent above 1973. The 1975 apple and grape crops are both headed for all-time highs, putting some downward pressure on prices.

Grower prices for the estimated 3.65 million ton apple crop had not been well established as of early August. However, the larger crop combined with the sharply larger stocks of canned apples and applesauce are expected to cause apple prices to decline to levels moderately below a year ago.

The August 1 forecast of this year's total grape production was 4.3 million tons, 2 percent more than last year but 2 percent below the all-time high set in 1965. Prospects in California at 3.85 million tons are down substantially from the July 1 forecast of 4.2 million tons, but still slightly above last year. California's table varieties, at 0.5 million tons, may be off about a fifth from last year, but anticipated increases of 11 percent in wine varieties and 2 percent in raisin varieties are offsetting.

Shipments of table grapes are running behind year-earlier levels since the crop is about 2 weeks behind normal. F.o.b. prices for fresh grapes early in the season were running generally higher than a year ago, but they have since declined substantially to levels below last year. Opening f.o.b. prices for Thompson Seedless grapes in California's Kern District were reported at \$7.00 per 23 pound lug, compared with \$9.40 last year. Supplies of grapes for fresh markets are expected to be large this season since the market for competing uses of table and raisin varieties, particularly Thompson Seedless, is expected to decline. Thus, prices for fresh grapes are likely to average moderately below a year ago.

This year's pear production is just short of 750,000 tons based on August 1 conditions, up 2 percent from 1974, with Bartlett pear output forecast 5 percent above last season. Shipments of Bartlett pears through early August were running behind last year's pace, but opening f.o.b. prices were at year-earlier levels. With a larger crop and heavy canners' stocks on hand, prices are likely to hold slightly to moderately below a year ago. However, the expected substantial drop in winter pear production in the Northwest may strengthen the late-season market. (Ben W. Huang and Andrew A. Duymovic)

#### Potato Output May Be Down This Year

Fall crop potato acreage is 8 percent smaller than a year earlier. Flood losses in the Red River Valley, a 13 percent cut in the Maine acreage, and 6 percent de-

cline in Idaho are responsible. Partly offsetting are gains in Washington, Oregon, and Nevada. Based on average yields of the past 5 years, U.S. fall output could decline 9 percent to 263 million cwt. this fall. A crop this size compares with 289 million cwt. in 1974 when prices were depressed much of the season. In 1973, a crop of 254 million cwt. resulted in record high prices before that selling season was completed. These relationships suggest a firm to strong price level this fall and winter.

Dry bean production in 1975 is estimated at 19.5 million cwt., 6 percent less than the record crop of 1974. Recently, grower prices have been showing strength in anticipation of this smaller 1975 harvest. Nonetheless, the 1975 estimate is the third largest crop in recent years, and the prospect of a larger than usual carryover of old crop beans will tend to moderate some of the expected gain in white bean prices. (Charles W. Porter and Joseph Combs)

#### Flue-Cured and Burley Tobacco Crops Larger

The flue-cured tobacco crop now being marketed was estimated at 1,449 million pounds on August 1, up 17 percent from last year and 249 million pounds above disappearance in the 12 months ending June 30. For the first time since 1968, midyear flue-cured tobacco stocks were above the previous year. Stocks reached almost 1.7 billion pounds this July 1, up 3 percent from a year ago.

The price of flue-cured tobacco, both this year and last, increased as the marketing season progressed. This season's average price was 92 cents per pound through Au-

gust 19, compared with 94 cents a pound last season when a comparable portion of the crop had been marketed. Because the average support price is 10 cents higher this year, a much greater percentage of this year's crop has been placed under loan. Lower quality tobacco harvested and marketed early in the season provided much of the unexpectedly large volume placed under loan.

Burley tobacco, largely used in U.S. cigarettes, is marketed after flue-cured marketing is nearly completed. The August 1 estimate for this crop was 639 million pounds. Last season farmers sold 609 million pounds at a record of almost \$1.14 per pound as production about matched disappearance.

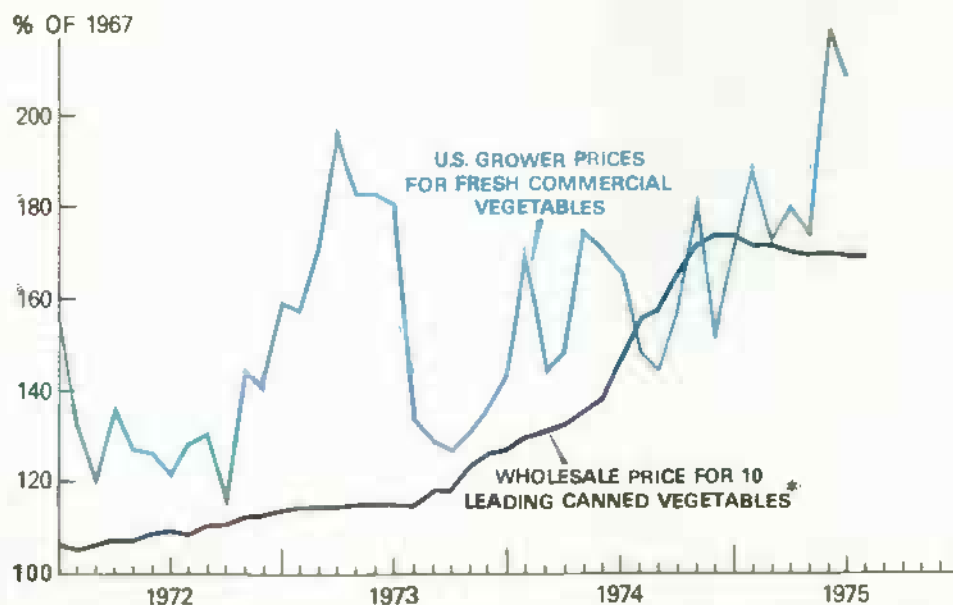
Based on recent trends in disappearance, the new flue-cured crop is large enough to exceed expected increases in both domestic and export sales, causing a run-up in tobacco stocks. The burley crop is again expected to about equal disappearance.

Flue-cured producers have experienced higher production costs again this season. Market conditions may prevent a comparable rise in prices, except for the better quality cigarette leaf, resulting in producers being caught in a cost-price squeeze. (Richard Hall)

#### Domestic Wool Production Lower, Markets Firm

Shorn wool production in the United States during 1975 is estimated at 119.2 million pounds, grease basis, down a tenth from 1974 and almost a fifth below the 1973 level. The number of sheep and lambs shorn

### SEASONAL DECLINES IN FRESH VEGETABLE PRICES BEGIN



\* INDEX DEVELOPED BY ERS FOR SNAP BEANS, CORN, PEAS, TOMATOES, TOMATO JUICE, TOMATO CATSUP, BEETS, CARROTS, SAUERKRAUT, AND SPINACH.



and to be shorn, estimated at 14.3 million head, is down 11 percent from 1974. This year's lamb crop may total about 10 million head, down 6 percent from 1974 and 14 percent below 2 years ago.

Wool markets firmed as the decline in wool consumption apparently bottomed out in the first quarter of 1975. The note of optimism currently prevailing in the wool trade is attributable to an improved demand resulting from a general depletion of processed and semi-processed stocks, a brighter outlook for the overall textile sector, and potential government contracts. Although world supplies of raw wool have increased, domestic prices are expected to remain near current levels for the remainder of 1975. Demand and prices are particularly strong for the finer grades. Farm prices received in July averaged 47.8 cents per pound, down about a cent from June but up almost 15 cents from March. (Sam Evans)

#### Cotton Production Down Sharply, Prices Rebound

The 1975 cotton crop as of August 1 was estimated at 9.4 million bales, down nearly a fifth from last year and the smallest in 8 years. Planted acreage of 10.1 million was over a fourth below last year. Producers expect to harvest 9.3 million acres, some 3.2 million below that harvested in 1974. The sharp cut in acreage reflects rising production costs and lower cotton prices relative to competing crops at planting time. Partly offsetting the lower acreage is a 10 percent increase in cotton yields likely this year.

The daily rate of domestic mill consumption increased in June for the sixth consecutive month. An additional indicator of improved future mill demand is the ratio of stocks to unfilled orders for cotton broadwoven fabrics which declined in June for the fourth consecutive month. Domestic mill use for the 1974/75 season totaled only about 5.8 million bales, down a little less than a fourth from the previous year. Mill use is expected to increase to 6.2 to 6.7 million bales in 1975/76, an improvement over the current season but still substantially below levels of 2 years ago.

Cotton prices have responded to the cutback in production and to the improved demand picture. In mid-August, the average spot market price of SLM 1-1/16 inch cotton was 48 cents per pound, up about 3 cents from a month earlier. Farm prices averaged 41 cents in July, 4 cents above the previous month. December 1975 futures (SLM 1-1/16 inch contract) hovered around the 50-cent mark throughout late July and early August. The movement of cotton prices from current levels depends on the relative strength of two opposing factors—the negative impact of large carryover stocks, estimated at nearly 6 million bales as of August 1, and the positive factor of an improving textile economy. (Sam Evans)



## INPUTS

The current outlook for agricultural inputs continues to be dominated by higher prices, although supply problems have diminished. In July, farmers paid about 11 percent more for commodities, services, interest, taxes, and wage rates than a year ago. However, prices paid rose only slightly from June to July and were up only about 3 percent from the beginning of the year.

Looking only at production items used by farmers, prices have remained stable over the past 2 months. Cost changes for individual items have tended to be offsetting. Prices of motor supplies were up 5 percent from June to July, primarily due to higher gasoline prices. Lower prices for feeder steers and heifers were largely responsible for the 9 percent drop in prices paid by farmers for feeder livestock. Purchased feed prices remained fairly steady from March to July at levels about 9 percent below January.

Among some of the major inputs, supplies of most petroleum products are currently adequate, but supply problems do exist for natural and LP gas. Greater production capacity is coming on stream for fertilizer and pesticides which should provide larger supplies next year. Farm credit agencies have adequate funds available, but interest rates on nonreal estate farm loans leveled at midyear following slight drops early this year. Farm machinery costs continue their sharp rises.

#### Feed Demand Steady

Feed prices in July were about the same as in June. Prices were up some for feed grains and high protein feeds, while hay prices declined seasonally. Feed prices averaged about 3 percent higher than July of last year.

Feeding has held steady across the

Nation during the past month, although drying pastures have created a need for supplemental feeding in some regions, particularly the Midwest. Feed sales for cattle and dairy cows were mixed since pastures were better than normal in all but the dry areas of the Nation's midsection. Sales of hog feeds were steady or up slightly in some regions while poultry and turkey feeding showed some seasonal improvement.

Feeding is expected to hold at current levels or increase slightly over the next several weeks. Concern about rising ingredient prices is creating a tendency to buy ingredients as needed. (Carl J. Vosloh, Jr.)

#### Pesticide Supplies Adequate

Growers thus far this season have had no trouble getting the pesticide materials they needed and no seasonal shortages are foreseen for such crops as cotton, fruit, and vegetables where heavy seasonal use is still anticipated. Methyl parathion, a major cotton insecticide, is reported to be available in separate formulations this year. Last year, growers were required to accept it in a mixture with toxaphene and other insecticides. (Paul Andrienas)

#### Supply-Demand Situation Easing for Farm Machinery

Some slackening in demand and pickup in available supplies indicate that inventories of farm machinery ready for sale should return to normal levels by the end of 1975 or early next year.

Sales of farm wheel tractors during January-May were down about a fifth from the year before and there were also indications of a considerable weakening in demand for many types of haying machinery, including mower-conditioners, windrowers, and balers. Combine demand, however, continues strong, as farmers prepare for large harvests of corn and other grains. January-May sales of self-propelled combines were up 26 percent from a year ago, and sales of corn heads for combines rose 16 percent.

Accompanying the slowing of demand for some types of machinery has been a rebuilding of inventories from the severely depleted levels of the past 18 months. Stocks of wheel tractors ready for sale increased about fourfold from December 1973 to May of this year while the inventory of hay balers nearly doubled. Combine inventories have also been building, despite continued strong demand.

Farm machinery prices have behaved much the same as other price indicators in the economy. Since June 1971, roughly parallel changes occurred in the consumer price index (CPI), the wholesale price index for agricultural equipment (WPI), and the index of prices paid by farmers for farm machinery (PPI). Through early 1974, increases in wholesale prices for agricultural equipment generally led increases in farm machinery prices at retail by approximately

one calendar quarter. However, as the tight supply-demand situation began to manifest itself in depleted equipment inventories, and as the overall rate of inflation increased, movements became parallel, quarter by quarter. The most dramatic increases occurred in calendar 1974, when wholesale prices and prices paid by farmers for farm equipment each increased 24 percent.

Prices paid by farmers for agricultural equipment continue to rise and at midyear were up 9 percent from March 1975 and 26 percent from a year earlier. However, the rate of increase is likely to taper off considerably, judging from the slowdown in the index of wholesale prices for agricultural equipment. While the June 1975 WPI was up 19 percent from a year earlier, it was less than 3 percent above January 1975. And the WPI for agricultural equipment was up only 1 percent between March and June of this year, compared with a 6 percent increase for the same period a year ago. (Duane Paul)

#### Farm Loan Repayments Continue On Schedule: Debt Growth Slows

Farmers are continuing to meet their loan repayments satisfactorily this year. Renewals of loans of Production Credit Associations, one of the major institutional nonreal estate farm loan sources, have been only a little higher this year than the reduced levels of 1973 and early 1974. Refinancing of short-term loans into long-term farm real estate loans has not risen much. Loan renewals and refinancing trends are measures of farmers' abilities to meet their loan payments as planned. These indications are reassuring during a period when producers of livestock and some other farm commodities have been experiencing lower net incomes.

Growth in farm debt appears to have slowed further this year, probably reflecting less borrowing by operators for investment in capital goods. Debt growth in 1974 was less than in 1973. Both farmers and lenders appear to be more cautious regarding investments, in view of the declines and fluctuations in farm product prices that have occurred. Also, loans for cattle raising are probably still at a low level. With costs of most inputs continuing to rise and with larger crop acreages this year, a greater part of loan funds are reported being used for farm operating expenses. (Phillip Allen)

#### Fertilizer Use Declines

Early reports indicate that fertilizer use during the year ended June 30, 1975, fell markedly from the previous year's record high 47 million tons. Part of the reason may be farmers' resistance to high fertilizer prices.

In the Corn Belt, for example, the average corn price received by farmers rose 129 percent—from \$1.17 to \$2.68 a bushel—between 1970 and 1975. At the same time, Corn Belt farmers paid 292 percent more for

ammonia. In other words, it required 61 bushels of corn to pay for a ton of ammonia in 1970. But by 1975, it took 104 bushels to buy the same ton of ammonia. If farmers could have paid for a ton of ammonia with 61 bushels of corn in 1975, they would have had to receive \$4.56 instead of \$2.68 a bushel. (Robert Lundin)

#### Petroleum Fuel Supplies Appear Adequate

Supplies of most fuels are expected to be adequate for farming operations this year. There were no reported shortages of fuel as farmers planted record large crop acreages this spring. Price of gasoline was up about 3 percent from the spring of 1974, but was lower than the prices paid in the summer and

fall of 1974. Diesel fuel prices this spring were 12 percent higher than a year ago but dropped slightly from the seasonal high in December 1974.

Although gasoline and diesel fuels will be in ample supply, prices are likely to continue upward in coming months. The extent of the price increase depends largely on actions concerning deregulation of the price of domestic "old" oil and pricing decisions of OPEC this fall.

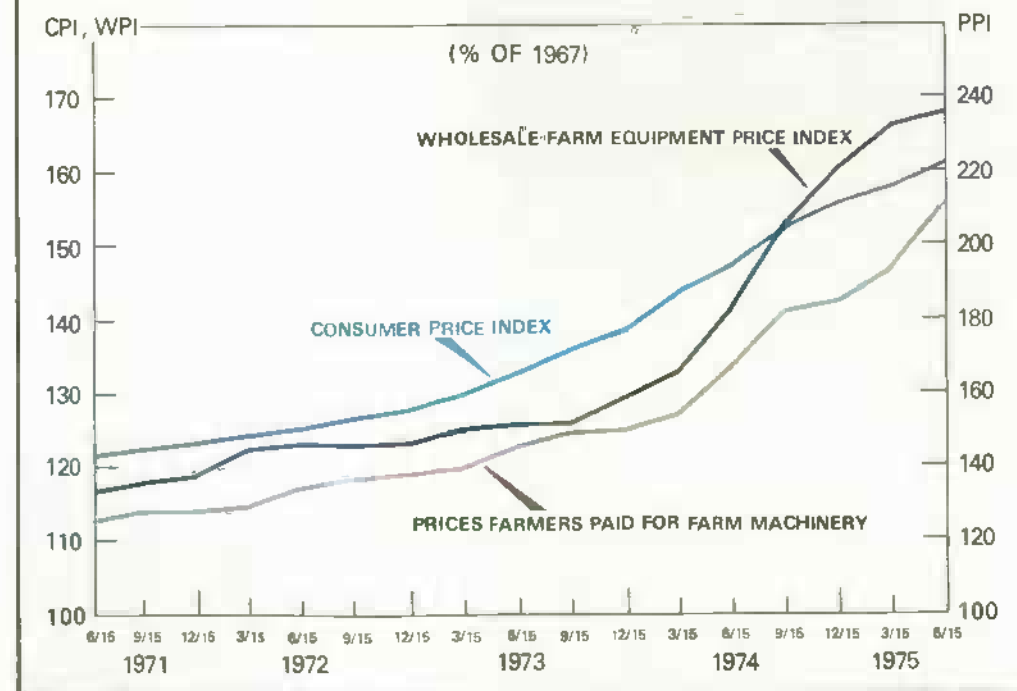
Supply problems do exist for natural and LP gas. Natural gas supplies are becoming increasingly short. Farmers with grain to dry may find propane supplies tight this fall since about 70 percent of LP gas comes from natural gas. (Earle Gavett)

Bushels of corn required to buy a ton of ammonia in the Corn Belt<sup>1</sup>

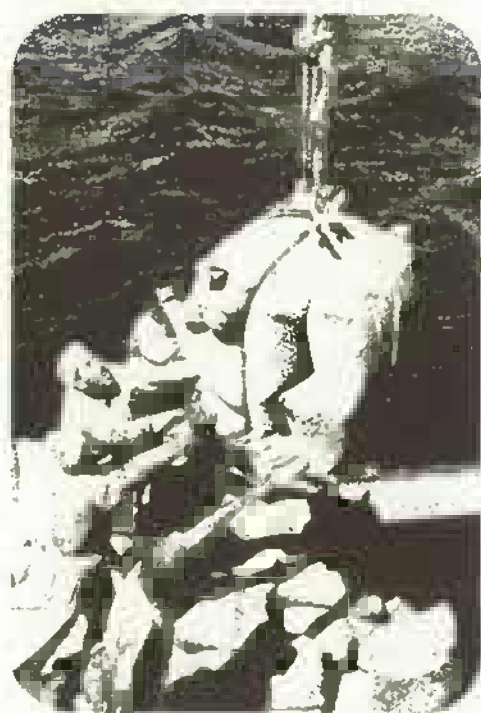
April 15 of year	Average price received per bushel of corn	Average price paid per ton of ammonia	Bushels required to pay for a ton of ammonia
	Dollars		Number
1970	1.17	70.88	60.6
1971	1.43	76.84	53.7
1972	1.12	77.94	69.6
1973	1.43	86.39	60.4
1974	2.42	181.72	75.1
1975	2.68	277.91	103.7

<sup>1</sup>Ohio, Indiana, Illinois, Iowa, and Missouri.

#### WHOLESALE FARM MACHINERY PRICES ARE SLOWING







## WORLD AGRICULTURE AND TRADE

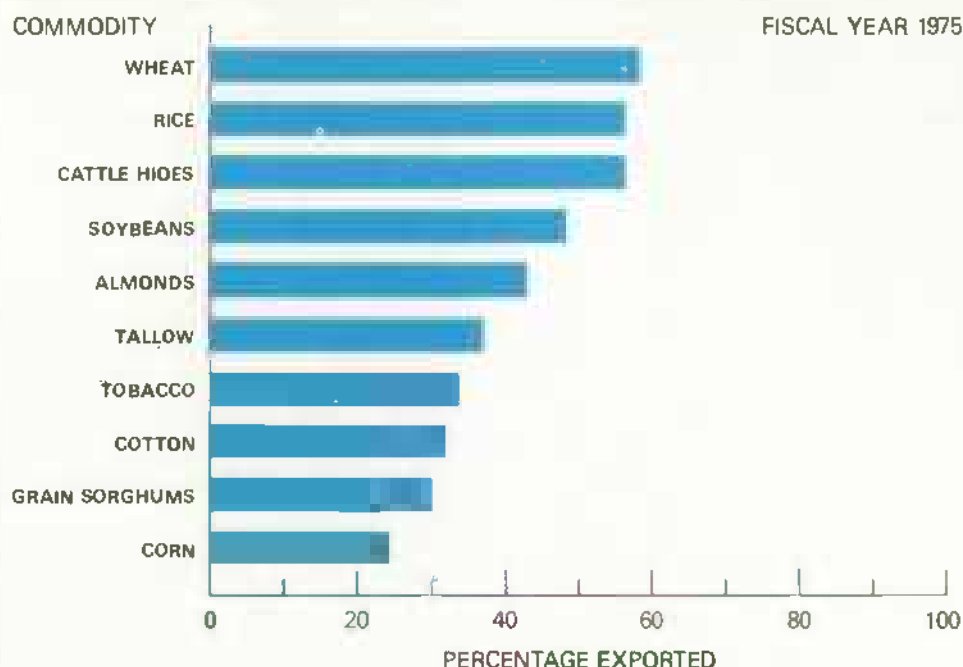
The world agricultural scene and the U.S. export outlook continue to be dominated by developments in the USSR grain crop.

On August 29 USDA's estimate of the Soviet grain crop was lowered to 175 million metric tons from the previous estimate of 180 million tons announced on August 11. This year's total grain estimate compares with 1974 outturn of 195 million tons and a USSR target of 215.7 million tons for the 1975 crop.

The current estimate of the Soviet grain harvest points to total grain import requirements of around 25 million tons in 1975/76 assuming no major change in Soviet policy toward use of grains for livestock. At the same time, there may also be a reduction in the usual 4 to 5 million tons of Soviet grain available for exports, primarily to East European countries.

The value of U.S. exports to the USSR during fiscal 1976 is expected to reach a new record high, up sharply from the reduced \$400-million total in fiscal 1975. The principal determinant is the level of grain sales, which reached about \$1.2 billion by the end of July and is expected to increase further after the size of the U.S. crop is known with greater certainty. Total sales by U.S. firms in July included 4.2 million metric tons of wheat, 4.5 million of corn, and 1.1 million of barley. However, some of this is on an all-origin basis. Total U.S. agricultural exports to the USSR during fiscal 1976 are forecast at around \$2.0 billion. This forecast would have to be modified in the event of difficulties in loading or trans-

### EXPORTS TAKE IMPORTANT SHARE OF U.S. CROPS



portation of the grain or if an unusually large share of the feed grain sales moved after July 1, 1976.

#### U.S. Farm Exports Headed For New Record

With stronger demand for grain by the USSR and the firming of prices of most agricultural commodity exports, U.S. agricultural exports during fiscal 1976 are now expected to approach \$22 billion, compared with \$21.6 billion in fiscal 1975.

Export volume of principal agricultural commodities is likely to total nearly 100 million tons, about 12 million tons above the level in fiscal 1975 and near the record of fiscal 1974.

Although conditions have reduced grain harvests within Western Europe, large carry-over stocks probably will keep agricultural exports to Western Europe sharply below the \$7.2 billion exported in fiscal 1975. The rather sluggish recovery from recession in most developing countries has also dampened the demand for agricultural products.

U.S. agricultural exports to Japan fell 18 percent in volume and 5 percent in value in fiscal 1975. It is expected that this year's exports will recover to around the \$3.3-billion level of fiscal 1974. Japan's economy will probably expand only slightly in fiscal 1976; most of the growth will occur in the last half of the year. Lower expected prices from the year before for U.S. grains, soybeans, and cotton, combined with expected gains in livestock feeding, will enhance sales of these commodities.

U.S. agricultural exports to Canada (excluding transshipments) totaled \$1.4 billion in fiscal 1975, up 8 percent from the previous year. The total value of sales is expected

to increase again in the current fiscal year, despite prospects for some decline in average prices.

Exports of farm products to West Asia may about match last year's \$1.6 billion. Grain exports (primarily wheat and rice) will account for around three-fourths of total exports to West Asia.

U.S. agricultural exports to South Asia are likely to rise about 10 percent to \$1.3 billion in fiscal 1976, following an 85 percent jump in the previous year. Larger exports of wheat and vegetable oils to India and Pakistan are expected.

East Asia and Southeast Asia (excluding Communist Asia and Japan) are expected to buy more wheat, cotton, and tallow, but less rice from the United States in fiscal 1976. The value of our agricultural exports to the region is expected to rise about 10 percent above the \$1.9 billion recorded last year, but will remain below the record \$2.25 billion for fiscal 1974 when shipments to South Vietnam, Cambodia, and Laos totaled \$359 million. No shipments to these markets are expected in fiscal 1976.

U.S. agricultural exports to Latin America during fiscal 1976 are likely to total near \$2 billion, down sharply from records of \$2.4 billion maintained during each of the 2 previous years. Exports of most major commodities are expected to be near fiscal 1975 volumes, although down from 1974 highs, reflecting favorable production conditions and serious balance-of-payments problems in many importing countries. The anticipated dropoff in the value of U.S. trade will be due mainly to the downtrend in prices, particularly for grains, oilseeds, and related products.

The value of U.S. agricultural exports



to Africa in fiscal 1976 may rise to \$1.2 billion from \$1.1 billion in fiscal 1975. The principal commodities will be wheat and wheat products, cotton, and vegetable oils. The increased prosperity from petroleum exports by North Africa and in Nigeria has provided the means for these countries to substantially increase their food imports from the United States. While production in many countries is somewhat better than originally expected, overall food output is below current needs.

Exports to the People's Republic of China are expected to continue the decline of the past year, and may total only \$40 million. The PRC's prospects for a good grain harvest coupled with balance of payment problems have discouraged the purchase of agricultural products from the West.

#### Commodity Outlook and Review:

**Grain and Feed:** Total grain and feed exports should approach \$12 billion in fiscal 1976, somewhat above the fiscal 1975 level of \$11.5 billion. Increased volume is expected to offset lower unit values. Feed grain exports are likely to total 43 million metric tons. Although well above fiscal 1975, this year's level would be slightly below the 43.8 million tons exported in fiscal 1974. Exports of wheat may total 34 million tons, compared with last year's 28 million tons.

**Oilseed and Products:** Exports of oilseeds and products are expected to fall short of the fiscal 1975 level of \$4.9 billion, totaling approximately \$4.4 billion. Sharply reduced prices will more than offset an anticipated rise in volume.

**Cotton:** Exports of cotton, including linters, are expected to total just over a billion dollars, virtually equaling last year's \$1.0 billion shipments.

**Livestock and Livestock Products:** Foreign sales are not expected to differ greatly from last year's \$1.4 billion.

**Fruits, Vegetables, Nuts, and Preparations:** Exports of this commodity grouping are forecast at \$1.2 billion in fiscal 1976, virtually equal to last year's level.

**Dairy and Poultry:** Fiscal 1976 exports are expected to approach \$400 million, compared with last year's \$276 million total.

**Tobacco:** Overseas deliveries during fiscal 1976 should approach 1 billion dollars, compared with \$910 million in the previous year.

**Sugar and Tropical Products:** Exports during fiscal 1975 totaled \$355 million, and are expected to approach \$400 million in the current fiscal year.

There continue to be many uncertainties in the forecast of U.S. agricultural exports for fiscal 1976. First, many crops must still be harvested and prospects could change because of drought or frost. Also, there is considerable uncertainty as to further Soviet purchases and supplies available for export from the United States. Furthermore,

world grain stocks are very low and prices are very sensitive to changes in world production and trade outlook.

#### U.S. Agricultural Imports May Decline

Agricultural imports are now expected to total about \$9.3 billion in fiscal 1976, down from last year's record \$9.58 billion. Lower prices and reduced volume for many commodities are expected to account for the decline. Inflows of farm commodities which compete with domestically produced items will drop significantly from the \$6.8 billion recorded in fiscal 1975 to about \$6 billion.

The value of noncompetitive agricultural imports is expected to rise sharply in the current fiscal year, partly compensating for

the reduction in competitive items. Price increases for coffee, tea, and bananas will more than offset anticipated volume reductions. Noncompetitive agricultural imports will increase from the \$2.8 billion level during 1974/75 to possibly \$3.3 billion.

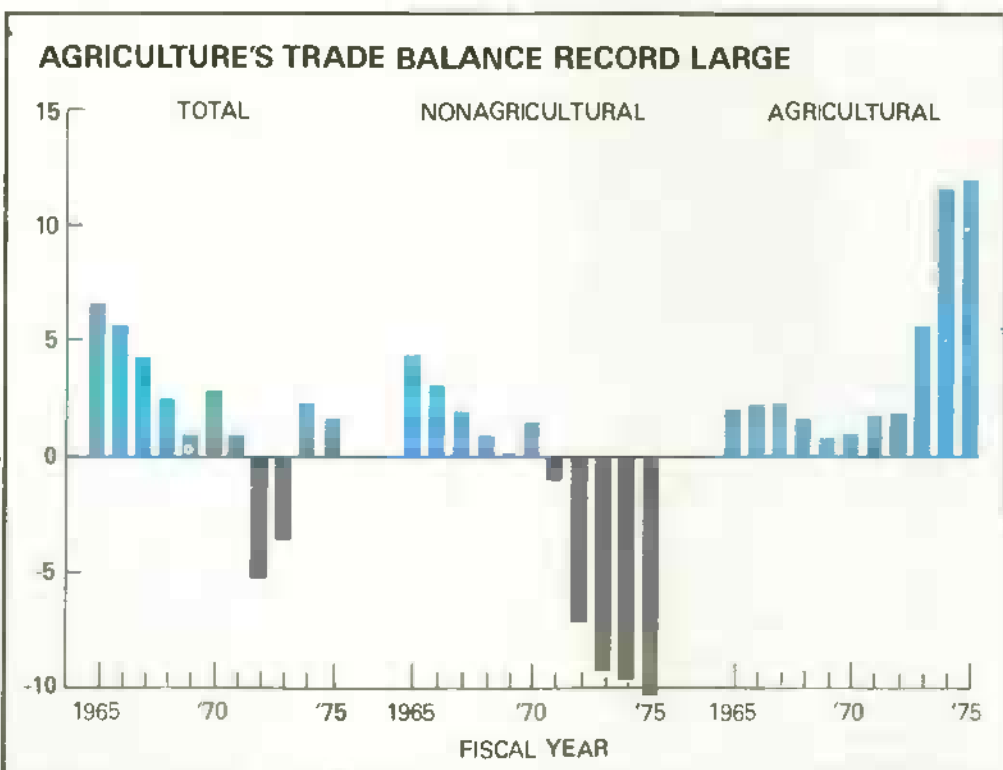
#### A Record Contribution to the Trade Balance

Agriculture's contribution to the U.S. trade balance should total about \$12½ billion in fiscal 1976, somewhat better than the previous record high in fiscal 1975. Net trade of U.S. farm products has increased substantially in recent years from about \$1 billion in fiscal 1970 to \$12 billion in fiscal 1975. (Dewain Rahe and Susan Tripp)

U.S. agricultural trade balance, fiscal years

Item	1970	1971	1972	1973	1974	1975	1976 Forecast
Billion dollars							
Exports	6.7	7.8	8.0	12.9	21.3	21.6	22.0
Imports	5.6	5.8	6.0	7.3	9.6	9.6	9.3
Balance	1.1	2.0	2.0	5.6	11.7	12.0	12.7
Government-program shipments <sup>1</sup>	1.0	1.1	1.1	1.0	.9	.9	1.3
Commercial trade balance	.1	.9	.9	4.6	10.8	10.9	11.4

<sup>1</sup> Includes P.L. 480 and AID programs.





# WORLD FOOD SITUATION

Presented by Quentin M. West, Administrator, Economic Research Service, USDA, at the Special Briefing on Food Supplies and Food Prices, held by USDA on August 21, 1975, in Washington, D.C.

The world food outlook is improved over last year at this time when there was alarm over the possibility of massive starvation in places like India, Bangladesh, and the Sahel. A modest increase in world food production now seems in prospect for 1975/76, perhaps some 3 percent above last year.

Such a rate of increase and level of output would be in keeping with the rising trend in world food output over the past 2 decades, which saw a 2.8-percent average annual increase in total production and an 0.8-percent increase in per capita output. Nevertheless, the low level of world grain stocks continues to make grain prices volatile and to keep the world dependent upon current harvests for meeting current food needs.

This is a very preliminary estimate based on current forecasts of world grain and oilseed production and on meat output in the leading meat trading nations.

World economic growth in 1974 and so far in 1975 is reduced sharply from the rates prevailing previously. The OECD group of 24 developed countries is projected to show a 1.4 percent decline in real GNP in 1975 compared with the increase of 6 percent in 1972. Inflation for most of these countries is now ranging 10 - 20 percent compared with the 3 to 7 percent in 1972. The slower economic growth, inflation problems, and unemployment are probably tempering increases in demand for food in the major developed countries. However, their slowdown in food demand is being offset by reduced

grain production in many developed countries, necessitating more imports.

**World grain production** is now expected to total about 1,188 million metric tons, about 4 percent above last year, but about 20 million tons below the 1960/61-74/75 trend. This is about 19 million tons below USDA's July 15 estimate. Production is for the most part up from last year in the United States, the developing countries, and China, but down in the Soviet Union and in both Western and Eastern Europe. This year's continued tight supplies and high prices are likely to slow growth in consumption, particularly grain feeding.

**World grain stocks** were somewhere near minimum levels at the beginning of 1975/76. A buildup to more comfortable levels seemed in prospect until unfavorable weather brought sharp reductions in forecasts of grain production in the Soviet Union, North America, and Europe. These forecasts, along with current demand prospects, indicate that global grain stocks at the close of 1975/76 are likely to be little if any larger than at the beginning of the period—perhaps 10 percent below that at the end of 1973/74 or 1972/73, and sharply below the level of earlier years. While the world grain production shortfalls of 1972 and 1974 were over 30 and 50 million metric tons respectively, this year's shortfall is likely to be about 20 million tons.

\* **World wheat production** is forecast at about 357 million tons, 2 percent above last year, but about 17 million tons below the 1960/61-74/75 trend. This is down about 7 million tons from the July estimate largely because of reductions in estimates for the USSR, Western Europe, and the United States. The United States should still achieve a record crop, about 10 million tons above last year (also a record). But production outside the United States is expected to fall to roughly the 1972 level which was a little below 1974's output. The sharpest reductions from last year were experienced in Western and Eastern Europe and by the Southern Hemisphere exporters. These reduced supplies were partly offset by a recovery in south Asian production—particularly in India—and in North Africa and the Middle East and by a good crop in China. Estimates for Australia and Argentina are not likely to be firmed up until their harvests are more imminent in December.

The **world rice crop** got off to a good start largely because of generally favorable monsoon rainfall in Asia. Prospects are especially brighter in two of the countries where fears of famine were greatest last year—India and Bangladesh—and in Indonesia. China's rice crop could equal or possibly exceed last year's record if normal weather continues to prevail. The bulk of the world rice harvest is months away, making any forecast extremely tentative, but current estimates suggest a crop of around 230 million tons of milled rice. That would be more than 4 percent higher than last year, and perhaps 3 million tons above the 1960/61-74/75 trend. Most of the in-

crease probably will be consumed in the countries where grown, but more will also likely be available for export. Production is expected to be up in the traditional exporting countries, such as the United States which expects a record crop.

\* **World coarse grain production** is now expected to reach about 600 million tons, a 5-percent gain over last year, but around 7 million tons below the 1960/61-74/75 trend. This represents a 20-million-ton reduction from USDA's July estimate. Lower estimates for the Soviet Union, the United States, and Western Europe are largely responsible for the reduction. U.S. output—now forecast to be up a fourth from 1974—could still exceed the 1973 record. Production elsewhere is now expected to be a percent or two below the record crops achieved in 1973 and 1974. The predicted 17-million-ton drop in Soviet production from last year more than offsets gains by the leading exporters outside the United States and by India and China. The pressure on supplies has been reduced somewhat by recession in many parts of the world which has slowed the growth in demand for livestock products. Cattle producers outside the United States are expected to reduce grain feeding somewhat in response to the recent higher prices and shorter supplies of feed. But we cannot be certain that producers everywhere, particularly in Western Europe, will reduce feeding as rapidly as now anticipated.

**World production of oilseeds** is expected to be up about 12 percent, thanks largely to gains for soybeans in the United States and Brazil. Sunflower production will be down in the Soviet Union, but may be up in other producing countries. Canada should register gains in rapeseed output, and Philippine coconut production should recover, and palm oil output will also be up. The limited recovery in the Peruvian anchovy catch should make more fish meal and oil available for export. A substantial buildup in stocks of meal and oil appears underway in the major producing countries.

**Beef and veal output** by leading meat trading countries is expected to be up about 6 percent, while pork production may be down about the same percentage. Cattle herds are large in the United States, Australia, and Argentina, and are potentially vulnerable to a forced increase in slaughter should dry weather cause a deterioration in pastures later this year. In that event, Southern Hemisphere countries would face severe difficulties in marketing excess meat production.

The **1975/76 sugar crop** could be around 5 million tons larger than last year despite recent bad weather in some West European countries, the USSR, Brazil, some Caribbean and Central American countries, and the United States. While lower prices recently have boosted consumption, world sugar requirements should be quite a bit below production.

\*Excludes Aug. 29 revision in Soviet grain crop

# STATISTICAL INDICATORS

Cash receipts <sup>1</sup> from farm marketings, by States, January-June	Livestock and Products		Crops <sup>2</sup>		Total <sup>2</sup>	
	1974	1975	1974	1975	1974	1975
	\$mil <sup>3</sup>					
<b>NORTH ATLANTIC</b>						
Maine	112.4	113.5	149.0	59.5	261.5	173.0
New Hampshire	26.1	24.3	8.9	8.5	35.1	32.8
Vermont	102.3	93.7	9.3	8.9	111.6	102.6
Massachusetts	52.2	49.3	36.2	36.7	88.4	86.0
Rhode Island	5.8	5.5	5.0	3.8	10.8	9.3
Connecticut	64.1	57.9	43.6	43.2	107.7	101.1
New York	549.7	512.4	171.4	153.4	721.1	665.8
New Jersey	58.4	53.1	64.1	62.1	122.5	115.1
Pennsylvania	568.3	528.2	198.8	179.8	767.1	707.9
<b>NORTH CENTRAL</b>						
Ohio	495.1	484.4	503.6	842.4	998.7	1,326.9
Indiana	590.0	594.1	623.9	579.1	1,213.9	1,173.3
Illinois	915.1	905.5	1,941.8	1,675.2	2,856.8	2,580.7
Michigan	363.8	336.5	317.3	303.4	681.1	639.9
Wisconsin	1,070.4	986.3	180.5	178.7	1,250.9	1,165.0
Minnesota	1,034.9	957.5	1,102.8	780.4	2,137.7	1,737.9
Iowa	1,938.9	1,926.1	1,584.9	1,493.2	3,523.9	3,419.3
Missouri	809.3	757.8	429.7	387.2	1,239.0	1,144.9
North Dakota	238.6	191.4	989.9	530.8	1,228.5	722.2
South Dakota	684.9	623.9	384.3	253.5	1,069.1	877.5
Nebraska	1,214.4	1,154.8	821.6	690.2	2,036.0	1,845.1
Kansas	1,034.6	885.6	892.9	793.0	1,927.5	1,678.6
<b>SOUTHERN</b>						
Delaware	78.3	79.2	22.6	19.8	100.9	99.0
Maryland	191.5	190.5	76.5	84.1	268.1	274.6
Virginia	222.5	219.7	124.5	120.9	347.0	340.6
West Virginia	46.8	42.5	13.1	15.7	59.8	58.3
North Carolina	466.2	456.1	233.8	206.1	700.0	662.2
South Carolina	128.1	122.5	150.5	163.4	278.6	285.9
Georgia	509.7	494.3	176.4	242.7	686.1	736.9
Florida	281.8	274.6	1,097.2	1,245.9	1,379.0	1,520.5
Kentucky	304.7	280.0	232.9	268.7	537.5	548.7
Tennessee	241.8	211.0	118.8	138.3	360.6	349.3
Alabama	331.2	345.1	153.2	190.5	484.4	535.6
Mississippi	288.3	278.9	278.7	280.8	566.9	559.7
Arkansas	404.5	398.8	389.1	397.6	793.6	796.4
Louisiana	174.5	162.0	171.2	277.7	345.7	439.7
Oklahoma	590.3	463.4	351.0	344.5	941.2	807.9
Texas	1,564.6	1,345.3	1,274.5	772.4	2,839.0	2,117.7
<b>WESTERN</b>						
Montana	155.1	129.6	290.7	226.2	445.8	355.8
Idaho	216.1	197.6	402.8	250.3	618.9	447.9
Wyoming	94.5	75.2	24.8	19.7	119.3	95.0
Colorado	762.3	723.4	184.9	178.8	947.3	902.1
New Mexico	183.1	164.6	53.5	52.9	236.7	217.5
Arizona	318.9	315.3	270.4	319.3	589.3	634.7
Utah	102.9	93.4	27.1	36.3	129.9	129.7
Nevada	47.5	43.3	12.2	12.0	59.7	55.3
Washington	235.7	215.6	444.1	354.0	679.8	569.6
Oregon	170.1	160.2	184.3	147.0	354.4	307.2
California	1,401.4	1,402.5	1,875.1	1,777.2	3,276.5	3,179.7
Alaska	1.6	1.7	.3	.3	1.9	2.0
Hawaii	29.8	30.0	287.3	208.5	317.0	238.4
<b>UNITED STATES</b>						
Grand total	21,742.9	20,158.1	19,381.0	17,414.6	40,853.9	37,572.7

<sup>1</sup> Estimates as of the first of current month. <sup>2</sup> Sales of farm products include receipts from loans reported minus value of redemptions during the period.

<sup>3</sup> Rounded data may not add.



Cash receipts from farming	1974								1975					
	Annual	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Million dollars														
Farm marketings and CCC loans: <sup>1</sup>	93,521	6,056	7,395	7,444	8,043	11,767	10,044	7,975	8,818	5,808	5,759	5,571	5,702	5,915
Livestock and products	41,424	2,884	3,227	3,424	3,251	3,719	3,206	3,125	3,339	3,011	3,157	3,436	3,694	3,521
Meat animals	25,257	1,614	1,941	2,139	1,979	2,367	1,916	1,785	2,025	1,789	1,822	2,130	2,300	2,179
Dairy products	9,399	788	748	723	704	735	719	745	755	719	811	807	845	790
Poultry and eggs	6,285	436	496	526	534	582	540	559	523	469	493	461	510	517
Other	483	46	42	36	34	35	31	36	36	35	31	38	39	40
Crops	52,097	3,172	4,168	4,020	4,792	8,048	6,838	4,850	5,479	2,797	2,602	2,135	2,008	2,394
Food grains	9,276	782	1,178	938	1,249	1,535	633	531	735	346	268	244	248	656
Feed crops	13,882	1,028	1,183	1,186	1,013	1,791	1,674	1,214	2,022	958	714	569	554	586
Cotton (lint and seed)	2,975	18	27	58	92	502	659	463	326	145	134	261	160	93
Tobacco	2,146	8	171	324	383	314	311	439	205	17	1	11	15	3
Oil-bearing crops	9,604	392	533	425	576	2,240	1,505	693	1,361	624	681	236	272	140
Vegetables and melons	5,358	411	449	535	754	807	423	254	277	237	277	285	300	437
Fruits and tree nuts	3,478	316	343	287	379	423	377	315	196	199	221	202	204	306
Other	5,380	217	284	267	346	436	1,256	941	357	271	306	327	255	174
Government payments	530	16	24	35	60	109	84	125	140	150	96	57	32	14
Total cash receipts <sup>2</sup>	94,051	6,072	7,419	7,479	8,103	11,876	10,128	8,100	8,958	5,958	5,855	5,628	5,734	5,929

<sup>1</sup> Receipts from loans represent value of loans minus value of redemptions during the month. <sup>2</sup> Details may not add to totals because of rounding.

Prices received and paid by farmers, U.S. average	1974								1975					
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1967=100														
Prices received														
All farm products	184	176	185	181	186	182	178	172	168	165	170	178	182	187
All crops	214	206	220	219	230	225	214	201	192	185	188	189	192	199
Food grains	299	285	272	277	308	312	297	266	259	241	243	230	199	224
Feed grains and hay	242	233	269	268	282	279	273	259	241	226	231	234	228	228
Feed grains	246	237	277	275	291	289	282	266	245	228	232	232	226	229
Cotton	227	218	218	243	228	223	194	163	144	150	142	161	163	179
Tobacco	148	137	154	161	166	164	167	163	166	166	166	166	166	150
Oil-bearing crops	230	216	259	254	284	267	254	231	214	195	203	189	186	197
Fruit	143	142	156	153	160	138	127	135	132	140	141	154	161	161
Fresh market	141	140	155	151	160	133	119	126	124	134	135	155	164	165
Commercial vegetables	144	143	145	147	158	158	154	163	171	162	169	163	190	182
Fresh market	156	154	145	145	164	168	159	170	188	172	179	174	219	208
Potatoes, sweetpotatoes, and dry edible beans	293	297	255	210	207	204	187	183	174	168	177	191	287	328
Livestock and products	164	156	161	155	156	153	153	153	151	152	157	171	176	180
Meat animals	165	163	170	152	151	145	146	145	144	146	159	182	190	194
Dairy products	160	146	148	155	159	162	158	159	159	157	155	154	153	156
Poultry and eggs	162	137	148	167	167	173	177	176	170	168	153	158	158	167
Wool	146	154	132	123	125	115	109	102	89	83	99	120	124	121
Prices paid for commodities and services, interest, taxes, and wage rates	169	168	173	175	177	179	180	180	180	179	182	183	185	186
Prices paid	167	166	172	175	175	178	179	178	177	176	179	181	183	184
Family living items	161	161	164	166	167	171	173	173	175	173	173	175	176	178
Production items	172	171	178	182	183	183	184	182	180	179	185	187	190	190
Feed	192	178	208	204	211	210	207	202	192	182	185	185	183	183
Feeder livestock	144	134	138	122	119	112	113	105	103	109	123	133	140	127
Interest per acre on farm real estate debt	222	222	222	222	222	222	222	263	263	263	263	263	263	263
Taxes per acre on farm real estate	150	150	150	150	150	150	150	156	156	156	156	156	156	156
Wage rates (seasonally adjusted)	176	176	176	176	185	185	185	187	187	187	189	189	189	189
Production items, interest, taxes, and wage rates	174	173	179	181	184	185	185	185	183	183	187	189	191	191
Prices received (1910-14=100)	467	447	470	460	473	463	451	438	427	420	431	452	463	476
Prices paid, etc. (1910-14=100) (Parity index)	578	575	591	599	606	613	616	617	615	612	621	627	633	636
Parity ratio	81	78	80	77	78	76	73	71	70	69	69	72	73	75

Prices received by farmers	1974							1975						
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
<b>Crops</b>														
All wheat, (\$/bu.)	4.48	4.04	4.24	4.32	4.85	4.87	4.65	4.11	3.95	3.65	3.69	3.47	2.92	3.33
Rice, (rough), (\$/cwt.)	<sup>1</sup> 13.81	---	9.67	9.85	10.25	11.10	10.50	10.30	10.80	10.60	10.50	10.40	10.40	11.00
Corn, (\$/bu.)	2.92	2.91	3.37	3.30	3.45	3.32	3.27	3.07	2.86	2.67	2.68	2.66	2.68	2.72
Sorghum (\$/cwt.)	4.59	4.15	5.07	5.30	5.78	5.85	5.33	4.96	4.21	4.03	4.15	4.21	4.15	4.25
All hay, baled, (\$/ton)	49.10	48.20	51.10	51.90	51.50	50.30	50.70	50.10	49.30	49.70	52.40	56.30	53.60	51.20
Soybeans, (\$/bu.)	6.42	6.11	7.55	7.32	8.17	7.44	7.03	6.30	5.72	5.31	5.61	5.00	4.90	5.27
Cotton, Upland (cts./lb.)	51.30	49.40	53.60	54.90	51.40	50.40	43.80	37.00	32.60	33.90	32.20	36.30	36.90	40.50
Potatoes, (\$/cwt.)	5.58	5.87	4.96	4.12	3.89	3.92	3.45	3.32	3.17	2.94	3.25	3.69	6.16	7.51
Dry edible beans, (\$/cwt.)	32.28	29.90	27.20	21.40	23.10	20.90	20.20	20.20	18.40	18.80	17.70	16.90	18.50	19.80
Apples for fresh use, (cts./lb.)	11.36	12.80	11.20	12.30	11.40	10.70	10.20	9.80	9.90	11.30	11.00	14.50	15.30	14.40
Pears for fresh use, (\$/ton)	<sup>1</sup> 207.55	235.00	212.00	213.00	192.00	196.00	183.00	154.00	146.00	135.00	166.00	158.00	---	300.00
Oranges, (\$/box)	1.86	1.67	2.16	2.25	2.86	1.92	1.43	1.29	1.34	1.49	1.61	1.80	1.86	1.90
Grapefruit, (\$/box)	1.72	1.20	2.29	1.47	2.40	1.87	1.77	1.69	1.70	1.72	1.77	2.39	1.13	1.61
<b>Livestock</b>														
Beef cattle, (\$/cwt.)	35.60	35.30	37.00	32.60	30.60	28.20	27.70	27.60	26.90	27.80	31.80	36.50	38.50	36.20
Calves, (\$/cwt.)	35.20	36.00	34.30	30.10	27.70	25.70	25.00	23.90	24.30	24.70	26.80	29.50	29.70	28.10
Hogs, (\$/cwt.)	34.20	34.30	36.00	33.70	37.10	36.80	38.30	38.20	38.40	38.30	39.30	45.10	47.30	54.10
Lambs, (\$/cwt.)	37.00	37.90	37.50	33.20	33.20	35.20	36.10	36.90	38.10	39.90	42.70	45.40	45.10	43.50
All milk, sold to plants (\$/cwt.)	8.32	7.61	7.74	8.07	8.34	8.48	8.25	8.33	8.28	8.13	8.09	7.98	7.94	<sup>2</sup> 8.11
Milk, manuf. grade (\$/cwt.)	7.13	6.31	6.46	6.81	7.03	7.02	6.74	7.00	7.04	7.01	7.04	7.05	7.08	<sup>2</sup> 7.16
Broilers, (cts./lb.)	21.7	20.5	20.9	22.8	22.8	24.2	21.9	24.2	24.6	23.7	23.4	24.6	27.4	30.3
Eggs, (cts./doz.) <sup>3</sup>	52.9	43.8	47.8	54.8	54.9	55.4	59.0	57.1	54.3	54.1	47.4	47.6	45.7	46.4
Turkeys, (cts./lb.)	28.8	23.0	27.1	27.3	28.0	30.8	33.4	31.8	30.8	30.3	28.7	30.8	32.3	34.1
Wool, (cts./lb.) <sup>4</sup>	59.1	61.1	52.5	48.7	49.6	45.8	43.5	40.5	35.3	33.1	39.1	47.6	49.1	47.8

<sup>1</sup> Eleven month average. <sup>2</sup> Preliminary. <sup>3</sup> Average of all eggs sold by farmers, including hatching eggs and eggs sold at retail. <sup>4</sup> Average local market price, excluding incentive payments.

Wholesale Price Index U.S. average (not seasonally adjusted)	1974							1975						
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	1967=100													
All commodities	160.1	161.7	167.4	167.2	170.2	171.9	171.5	171.8	171.3	170.4	172.1	173.2	173.7	175.7
Industrial commodities	153.8	157.8	161.6	162.9	164.8	165.8	166.1	167.5	168.4	168.9	169.7	170.3	170.7	171.2
All foods	174.4	172.6	176.9	178.2	182.0	192.3	189.2	188.4	185.6	180.4	181.9	182.4	184.3	189.8
Farm Products	187.7	180.8	189.2	182.7	187.5	187.8	183.7	179.7	174.6	171.1	177.7	184.5	186.2	193.7
Eggs	160.6	132.0	149.6	169.8	167.8	164.9	181.1	168.7	162.4	166.3	140.0	145.5	137.9	139.7
Fresh and dried fruits and vegetables	192.3	186.9	162.6	163.2	166.2	186.9	163.7	174.9	169.0	163.8	183.4	183.1	206.7	208.6
Processed foods and feeds	170.9	167.6	179.7	176.8	183.5	189.7	188.2	186.4	182.6	177.3	179.4	179.0	179.7	184.6
Meats	159.6	165.0	169.1	161.3	160.2	155.4	156.0	161.9	159.0	159.0	171.6	189.8	199.3	208.0
Beef and veal	158.6	166.1	172.4	159.3	149.6	140.6	139.8	148.2	142.7	143.7	167.7	189.4	202.3	201.0
Pork	162.3	171.3	173.9	169.9	178.2	172.9	176.6	183.7	181.8	180.4	181.9	201.7	206.5	231.4
Poultry	157.3	150.6	150.4	170.3	158.5	172.1	165.5	169.7	170.5	164.6	165.9	175.1	186.5	208.9
Fish	204.6	205.4	197.9	196.8	192.1	190.6	194.7	193.1	206.5	203.2	208.3	216.8	217.5	225.2
Dairy	146.4	141.7	142.4	144.8	146.4	146.8	146.7	148.3	148.5	148.6	148.9	149.6	150.5	153.2
Processed fruits and vegetables	154.6	157.7	162.7	165.6	170.0	171.1	170.1	171.2	170.9	169.5	170.8	171.0	170.9	169.4
Cereal and bakery products	171.2	168.9	169.3	169.7	176.2	179.7	181.9	182.3	183.6	181.9	179.1	176.2	174.4	176.7
Sugar and confectionery	258.9	246.7	270.4	297.9	315.3	419.8	401.4	358.2	347.3	303.0	280.1	239.6	217.8	228.4
Beverages	140.7	143.6	146.2	147.8	152.6	154.2	158.2	162.6	162.2	162.2	161.7	161.0	160.4	159.4

Consumer Price Index U.S. average (not seasonally adjusted)	1974							1975						
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	1967=100													
Consumer price index, all items	147.7	148.0	149.9	151.7	153.0	154.3	155.4	156.1	157.2	157.8	158.6	159.3	160.6	162.3
Consumer Price index, less food	143.6	144.4	146.1	147.8	149.1	150.4	151.3	151.8	153.0	153.9	154.9	155.6	156.6	157.6
All food	161.7	160.5	162.8	165.0	166.1	167.8	169.7	170.9	171.6	171.3	171.2	171.8	174.4	178.6
Food away from home	159.4	160.4	161.9	163.1	164.7	166.2	167.6	169.0	170.5	171.3	172.2	172.8	173.1	174.2
Food at home	162.4	160.6	163.0	165.5	166.5	168.3	170.3	171.4	172.0	171.4	171.0	171.6	174.9	179.9
Meats	164.1	154.0	162.8	166.7	163.5	163.0	161.7	161.9	160.9	159.7	160.2	167.9	177.8	188.5
Beef and veal	168.5	161.0	169.0	172.9	166.8	163.7	160.1	158.5	156.6	153.3	154.6	166.4	176.6	186.4
Pork	161.0	145.9	158.8	164.8	164.0	166.8	167.1	170.0	169.6	170.5	170.0	175.6	187.9	204.9
Poultry	146.9	136.2	140.8	148.1	147.0	150.9	154.9	152.8	152.0	151.8	148.9	149.8	157.7	172.8
Fish	187.7	188.2	187.4	188.6	190.4	193.6	194.8	195.7	197.2	197.1	197.3	199.1	200.4	202.9
Eggs	160.8	127.8	146.0	162.2	172.2	162.2	172.6	172.6	172.1	153.6	158.2	144.6	137.2	144.6
Dairy products	151.9	151.6	150.7	151.1	151.7	152.7	155.3	155.2	155.6	155.4	154.8	153.6	153.3	153.4
Fats and oils	195.3	186.6	196.2	217.3	223.7	230.7	231.9	214.7	214.9	213.1	209.7	203.0	195.8	191.7
Fruits and vegetables	165.8	178.7	168.2	162.9	162.4	164.3	161.3	163.5	166.7	167.4	167.8	169.0	177.4	188.8
Fresh	162.6	182.9	162.9	152.7	151.6	154.7	149.6	153.6	159.2	159.9	160.9	164.7	179.0	198.4
Processed	1,006	172.6	176.0	178.2	178.4	178.7	178.7	178.3	177.9	178.7	178.2	175.4	175.0	174.7
Cereals and bakery products	166.1	166.7	168.2	170.4	174.7	177.6	181.7	185.3	187.3	189.1	188.9	187.0	185.2	184.6
Sugar and sweets	195.2	195.1	203.4	212.1	226.5	245.2	279.0	281.0	273.9	269.5	255.7	246.0	236.8	228.9
Beverages	155.6	158.1	163.8	166.5	169.2	170.2	172.7	175.3	177.0	177.8	178.0	175.3	174.9	174.1

Farm-retail price spreads <sup>1</sup>	1974							1975						
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
<b>Market basket:</b>														
Retail cost (1967=100)	161.9	159.7	162.0	164.3	164.6	166.4	167.8	168.7	169.3	168.5	168.2	169.1	172.9	178.8
Farm value (1967=100)	177.6	172.7	180.4	178.8	182.3	183.2	178.3	173.5	173.5	171.4	175.7	182.1	190.8	198.6
Farm-retail spread (1967=100)	152.0	151.4	150.4	155.1	153.4	155.8	161.2	165.7	166.6	166.7	163.4	160.9	161.6	166.3
Farmer's share (%)	43	42	43	42	43	43	41	40	40	39	40	42	43	43
<b>Beef, choice:</b>														
Retail price <sup>2</sup> (cts./lb.)	138.8	137.9	143.4	141.6	136.8	134.4	132.2	132.8	129.0	127.0	133.9	147.8	157.8	161.0
Carcass value <sup>3</sup> (cts.)	97.4	103.4	106.6	96.2	93.4	89.8	87.5	88.8	84.7	86.3	101.2	115.9	123.2	119.7
Net farm value <sup>4</sup> (cts.)	86.1	90.9	97.7	85.2	82.0	78.7	77.1	76.6	73.2	75.7	89.9	103.9	110.2	103.7
Farm-retail spread (cts.)	52.7	47.0	45.7	56.4	54.8	55.7	55.1	56.2	55.8	51.3	44.0	43.9	47.6	57.3
Carcass-retail spread <sup>5</sup> (cts.)	41.4	34.5	36.8	45.4	43.4	44.6	44.7	44.0	44.3	40.7	32.7	31.9	34.6	41.3
Farm-carcass spread <sup>6</sup> (cts.)	11.3	12.5	8.9	11.0	11.4	11.1	10.4	12.2	11.5	10.6	11.3	12.0	13.0	16.0
Farmer's share (%)	62	66	68	60	60	59	58	58	57	60	67	70	70	64
<b>Pork:</b>														
Retail price <sup>2</sup> (cts./lb.)	108.2	103.7	108.7	109.9	109.0	111.4	112.7	114.9	114.8	113.6	115.7	123.0	130.5	143.7
Carcass value <sup>3</sup> (cts.)	77.4	77.0	78.5	77.2	81.4	83.6	85.6	84.2	86.0	86.8	88.3	97.3	104.6	113.9
Net farm value <sup>4</sup> (cts.)	60.8	62.2	64.7	61.6	66.1	65.2	68.5	67.1	68.9	68.8	71.0	82.5	91.1	101.0
Farm-retail spread (cts.)	47.4	41.5	44.0	48.3	42.9	46.2	44.2	47.8	45.9	44.8	44.7	40.5	39.4	42.7
Carcass-retail spread <sup>5</sup> (cts.)	30.8	26.7	30.2	32.7	27.6	27.8	27.1	30.7	28.8	26.8	27.4	25.7	25.9	29.8
Farm-carcass spread <sup>6</sup> (cts.)	16.6	14.8	13.8	15.6	15.3	18.4	17.2	17.1	17.1	18.0	17.3	14.8	13.5	12.9
Farmer's share (%)	56	60	60	56	61	59	61	58	60	61	61	67	70	70
<b>Milk, fresh:</b>														
Retail price (cts./gal.)	78.4	78.4	77.5	77.3	77.5	77.6	79.2	79.4	79.2	78.9	78.5	77.4	77.2	77.0
Farm value (cts.)	40.9	40.4	39.6	38.9	39.0	40.1	40.7	40.0	40.2	39.8	39.9	39.8	39.9	39.3
Farm-retail spread (cts.)	37.5	38.0	37.9	38.4	38.5	37.5	38.5	39.4	39.0	39.1	38.6	37.6	37.3	37.7
Farmer's share (%)	52	52	51	50	50	52	51	50	51	50	51	51	52	51
<b>Chicken:</b>														
Retail price (cts./lb.)	56.0	51.8	53.5	57.0	56.2	58.2	60.4	59.3	58.6	58.8	57.6	57.9	61.4	68.3
Farm value (cts.)	31.5	29.9	30.6	33.7	34.1	34.1	33.3	32.3	33.6	33.4	33.7	33.3	37.1	43.4
Farm-retail spread (cts.)	24.5	21.9	22.9	23.3	22.1	24.1	27.1	27.0	25.0	25.4	23.9	24.6	24.3	24.9
Farmer's share (%)	56	58	57	59	61	59	55	54	57	57	59	58	60	64
<b>Eggs, large grade A</b>														
Retail price (cts./doz.)	78.3	62.3	71.1	79.0	83.9	81.0	84.1	84.2	83.9	74.9	77.2	70.6	66.9	70.6
Farm value (cts.)	53.2	40.5	47.6	55.6	58.1	54.1	58.4	56.9	56.9	47.9	47.7	45.2	40.9	45.8
Farm-retail spread (cts.)	25.1	21.8	23.5	23.4	25.8	26.9	25.7	27.3	27.0	27.0	29.5	25.4	26.0	24.8
Farmer's share (%)	68	65	67	70	69	67	69	68	68	64	62	64	61	65
<b>Bread, white:</b>														
Retail price (cts./lb.)	34.5	34.8	34.6	34.8	35.6	35.8	36.4	37.2	37.4	37.3	36.8	36.2	35.6	35.6
Farm value, wheat (cts.)	5.4	5.1	4.8	5.3	5.7	5.9	5.5	4.9	4.8	4.4	4.4	4.1	3.6	4.3
Farm value, all <sup>7</sup> (cts.)	7.9	7.6	7.4	7.9	8.6	9.4	8.8	7.9	7.7	7.0	6.9	6.2	5.6	6.4
Farm-retail spread (cts.)	26.6	27.3	27.2	26.9	27.0	26.4	27.6	29.3	29.7	30.3	29.9	30.0	30.0	29.2
Farmer's share (%)	23	22	21	23	24	26	24	21	21	19	19	17	16	18
<b>Lettuce:</b>														
Retail price (cts./head)	42.3	49.5	39.4	41.8	42.7	51.8	43.9	39.5	48.5	40.3	38.0	39.2	42.0	37.5
Farm value (cts.)	13.2	15.8	10.2	10.9	16.6	19.9	11.8	19.0	14.2	11.6	12.9	9.4	9.9	11.9
Farm-retail spread (cts.)	29.1	33.7	29.2	30.9	26.1	31.9	32.1	20.5	34.3	28.7	25.1	29.8	32.1	25.6
Farmer's share (%)	31	32	26	26	39	38	27	48	29	29	34	24	24	32
<b>Potatoes:</b>														
Retail price (cts./10-lbs.)	166.4	201.9	151.7	123.3	120.1	121.2	118.4	112.7	111.1	104.2	100.3	112.0	135.0	199.3
Farm value (cts.)	59.4	61.1	51.7	42.9	40.5	40.8	35.9	34.6	33.0	30.6	33.9	38.4	64.2	78.2
Farm-retail spread (cts.)	107.0	140.8	100.0	80.4	79.6	80.4	82.5	78.1	78.1	73.6	66.4	73.6	70.8	121.1
Farmer's share (%)	36	30	34	35	34	34	30	31	30	29	34	34	48	39
<b>Tomatoes:</b>														
Retail price (cts./lb.)	54.8	58.9	45.3	44.7	44.2	53.0	60.8	60.0	61.9	62.0	56.8	55.1	66.6	81.3
Farm value (cts.)	21.0	20.7	18.9	14.6	16.5	27.6	21.3	22.0	30.3	21.4	19.5	20.0	36.5	34.8
Farm-retail spread (cts.)	33.8	38.2	26.4	30.1	27.7	25.4	39.5	38.0	31.6	40.6	37.3	35.1	30.1	46.5
Farmer's share (%)	38	35	42	33	37	52	35	37	49	35	34	36	55	43
<b>Orange juice, frozen concentrate:</b>														
Retail price (cts./6-oz. can)	25.8	25.8	25.9	26.0	26.7	26.9	26.8	27.4	27.9	28.0	28.1	27.9	27.9	28.2
Farm value (cts.)	8.9	9.3	9.3	9.3	9.3	9.3	9.3	9.0	8.7	8.7	8.3	7.9	8.0	8.8
Farm-retail spread (cts.)	16.9	16.5	16.6	16.7	17.4	17.6	17.6	18.4	19.2	19.3	19.8	20.0	19.9	19.4
Farmer's share (%)	34	36	36	36	35	35	35	33	31	31	30	28	29	31
<b>Margarine:</b>														
Retail price (cts./lb.)	57.4	54.4	57.4	63.6	66.3	69.1	70.5	71.4	70.8	69.7	67.4	63.4	60.4	59.2
Farm value (cts.)	27.7	28.0	32.5	34.5	33.6	34.4	29.4	27.5	25.1	22.9	24.1	20.3	17.7	18.9
Farm-retail spread (cts.)	29.7	26.4	24.9	29.1	32.7	34.7	41.1	43.9	45.7	46.8	43.3	43.1	42.7	40.3
Farmer's share (%)	48	51	57	54	51	50	42	39	35	33	36	32	29	32

<sup>1</sup> For a market basket of farm food and selected items. The market basket represents the average quantities of U.S. farm-originated foods purchased annually per household in 1960-61. Retail prices are from Bureau of Labor Statistics unless otherwise noted. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. See table 13, May 1975 issue of the *Marketing and Transportation Situation* for farm product equivalents for individual items. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. Data are preliminary. <sup>2</sup> Composite monthly average prices of all cuts adjusted for volume sold at special prices—derived from BLS and food chain prices. <sup>3</sup> For a quantity equivalent to 1 lb. retail cuts: Beef, 1.41 lb. of carcass beef (1975 data based on yield grade 3); pork, 1.07 lb. of wholesale cuts. <sup>4</sup> Payments to farmer for quantity of live animal equivalent to 1 retail pound less value of byproducts: Beef, 2.28 lb. and pork, 1.97 lb. <sup>5</sup> Includes not only gross margin for retailing but also charges made for other marketing services such as fabricating, wholesaling and in-city transportation. <sup>6</sup> Measures charges made for livestock marketing, processing, and transportation to city where consumed. <sup>7</sup> Includes wheat and other farm ingredients.



Meat animals	1974		1975					
	Annual	July	Feb.	Mar.	Apr.	May	June	July
Indicators:								
7-State cattle on feed report:								
Number on feed (thous. head)		7,146	6,050	5,463	5,577	5,589	5,841	6,006
Placed on feed (thous. head)	15,331	1,305	806	1,536	1,362	1,532	1,380	1,141
Marketings (thous. head)	17,376	1,357	1,316	1,331	1,260	1,172	1,148	1,164
Beef steer-corn Price ratio, Omaha	13.9	13.7	12.5	13.1	15.0	17.6	18.2	17.3
Hog-corn price ratio, Omaha	11.3	11.2	14.1	14.3	14.1	16.4	17.9	19.5
Commercial slaughter (thous. head)								
Cattle	36,812	3,105	3,082	3,132	3,206	3,149	3,193	
Steers	19,680	1,683	1,569	1,610	1,584	1,505	1,437	
Heifers	8,798	751	777	777	785	756	786	
Cows	7,514	593	672	676	757	794	868	
Bulls and stags	820	78	64	69	80	94	102	
Calves	2,987	216	330	361	384	371	382	
Sheep and lambs	8,847	737	586	675	652	636	636	
Hogs	81,762	6,095	5,892	6,105	6,731	5,693	5,386	
Commercial production (mil. lb.)								
Beef	22,844	1,941	1,843	1,890	1,894	1,849	1,849	
Veal	442	34	50	56	60	59	63	
Lamb and mutton	454	36	31	35	34	31	31	
Pork	13,583	1,016	954	976	1,100	925	889	
Market prices:								
Dollars per 100 pounds								
Slaughter cattle:								
Steers:								
Omaha								
Prime, 1100-1300 lb.	42.66	45.10	35.74	37.24	44.51	51.59	55.26	53.78
Choice, 900-1100 lb.	41.89	43.72	34.74	36.08	42.80	49.48	51.82	50.21
Good, 900-1100 lb.	38.71	38.43	31.43	32.93	38.92	44.00	45.85	43.34
California, Choice 900-1100 lb.	43.72	48.38	37.19	38.81	45.95	52.00	53.94	50.50
Colorado, Choice 900-1100 lb.	42.56	45.30	34.52	36.21	43.95	51.35	53.86	50.98
Cows, Omaha								
Commercial	25.45	23.90	18.19	19.54	21.87	23.59	23.55	22.13
Utility	25.56	24.22	18.18	19.45	21.67	23.55	23.32	22.00
Cutter	23.90	22.85	16.02	17.25	18.98	19.64	19.94	19.42
Canner	22.11	21.25	13.58	14.99	16.51	16.43	16.91	16.90
Vealers, Choice, S. St. Paul	49.63	43.54	40.25	38.90	46.84	40.56	39.15	39.01
Feeder cattle:								
Kansas City								
Choice, 400-500 lb.	40.84	37.72	26.29	29.14	31.45	34.66	35.82	32.58
Choice, 600-700 lb.	37.88	36.72	26.96	28.75	31.69	35.50	36.81	34.70
Good, 600-700 lb.	33.96	31.38	23.19	24.34	26.54	29.45	30.16	28.60
All weights and grades	36.49	34.44	26.82	27.86	30.73	34.87	33.52	32.53
Amarillo								
Good, 600-700 lb.	32.42	31.54	21.56	24.08	27.33	29.81	32.75	29.38
Slaughter hogs:								
Barrows and Gilts No. 1 & 2, Omaha								
200-220 lb.	36.83	38.05	40.20	40.17	41.54	47.56	52.19	57.81
220-240 lb.	36.85	38.08	40.26	40.20	41.57	47.51	52.26	58.00
Barrows and Gilts, Sioux City	34.75	36.15	39.69	39.59	40.74	46.42	51.31	57.25
Barrows and Gilts, 7 markets	35.12	36.31	39.61	39.52	40.69	46.44	51.19	57.12
Feeder pigs:								
U.S. No. 1 & 2, So. Missouri 40-50 lb.								
Sows, 7 markets	25.13	20.31	35.75	39.75	43.05	44.00	44.65	44.10
	29.92	28.12	36.52	36.58	37.00	41.12	44.28	49.59
Sheep and lambs:								
Slaughter:								
Lambs, Choice, San Angelo	40.51	37.94	39.31	46.50	46.65	47.62	46.06	45.25
Lambs, Choice, So. St. Paul	39.48	39.50	40.42	42.44	44.18	50.18	45.94	44.09
Ewes, Good, San Angelo	15.74	12.50	15.56	17.25	18.40	15.44	15.38	17.00
Ewes, Good, So. St. Paul	9.20	7.42	7.00	8.12	8.88	9.42	9.83	9.94
Feeder lambs:								
Choice, San Angelo	36.52	31.25	35.31	37.38	43.65	43.00	39.69	40.25
Choice, So. St. Paul	33.26	30.54	34.78	36.74	37.00	37.79	37.35	37.10
Meat:								
Wholesale, Chicago								
Choice steer beef, 600-700 lb.	67.76	71.53	58.41	59.50	70.20	80.60	85.76	84.92
Choice heifer beef, 500-600 lb.	66.59	70.52	57.63	58.48	68.66	78.92	85.03	83.47
Canner and Cutter cow beef	53.48	53.08	39.62	41.84	44.07	46.44	46.64	45.38
Pork loins, 8-14 lb.	73.60	79.01	76.53	74.79	78.63	92.49	102.04	109.56
Pork bellies, 12-14 lb.	52.04	53.23	62.23	62.39	68.56	73.27	82.21	92.92
Hams, skinned, 14-17 lb.	64.11	59.62	71.18	70.67	67.56	74.89	79.91	84.93
East Coast:								
Lamb, Choice and Prime, 35-45 lb.	83.33	84.25	88.31	90.56	93.87	97.13	96.75	99.29
Lamb, Choice and Prime, 55-65 lb.	80.78	84.21	86.25	89.44	93.07	97.13	96.50	99.29
Steer Beef Choice, 600-700 lb.	69.08	73.04	60.34	61.09	71.07	82.09	88.01	84.92
West Coast:								
Beef, Choice 600-700 lb.	70.37	73.67	61.94	62.90	73.08	83.38	89.16	86.89

Poultry and eggs	1974		1975					
	Annual	July	Feb.	Mar.	Apr.	May	June	July
<b>Eggs</b>								
Farm production (mil.)	65,868	5,518	4,995	5,500	5,271	5,402	5,211	5,365
Average number of layers on farms (mil.)	286	279	282	279	275	272	270	269
Rate of lay per layer	23.1	19.8	17.7	19.7	19.2	19.9	19.3	20.0
Frozen egg production (mil. lb.)	359.8	36.0	20.2	19.9	24.0	28.4	33.3	
Dried egg production (mil. lb.)	72.1	6.9	3.2	3.2	4.4	4.7	5.3	
New York wholesale price, grade A large (cts./doz.)	58.2	49.0	55.4	59.2	50.2	49.3	50.6	52.6
Price paid for laying feed (\$/ton)	153	141	151	143	146	145	144	145
Egg-feed price ratio (lb.)	7.0	6.2	7.2	7.6	6.5	6.6	6.3	6.4
Stocks, first of month:								
Shell (thou. cases)		89	35	48	32	25	68	82
Frozen (mil. lb.)		55.6	53.8	51.8	47.0	43.6	44.8	48.0
Replacement chicks hatched (mil.)	473.4	36.7	37.3	46.0	48.1	48.4	40.9	38.5
<b>Broilers</b>								
Federally inspected slaughter, certified (mil. lb.)	7,916.8	720.1	570.2	616.6	688.3	690.1	683.1	
9-city wholesale price (cts./lb.)	38.2	36.4	41.4	40.7	40.1	42.9	48.1	51.2
Broiler-feed price (\$/ton)	167	157	167	161	164	161	162	161
Broiler-feed price ratio (lb.)	2.6	2.6	2.9	2.9	2.9	3.1	3.4	3.8
Stocks, first of month (mil.)		36.6	33.0	33.8	28.8	28.5	24.3	22.7
Average weekly placement of broiler chicks in 21 States (mil.)	2,941.9	53.8	56.9	59.3	60.3	59.9	60.5	57.9
<b>Turkeys</b>								
Federally inspected slaughter, certified (mil. lb.)	1,835.8	213.1	47.1	54.4	68.7	81.9	138.4	
New York wholesale price, 8-16 lb. young hens (cts./lb.)	47.2	39.7	46.9	47.3	48.3	51.6	53.4	56.0
Turkey feed price (\$/ton)	168	158	168	161	165	164	165	163
Turkey-feed price ratio	3.2	2.9	3.7	3.8	3.5	3.8	3.9	4.2
Stocks, first of month (mil. lb.)		265.8	267.0	240.2	207.1	177.6	159.6	193.0

Dairy	1974		1975					
	Annual	July	Feb.	Mar.	Apr.	May	June	July
<b>Milk:</b>								
Production:								
Total milk (mil. lb.)	115,416	10,139	8,775	10,023	10,121	10,789	10,460	9,998
Milk per cow (lb.)	10,286	905	784	897	906	968	938	897
Number of milk cows (thous.)	11,221	11,205	11,192	11,176	11,176	11,150	11,147	11,142
Prices:								
Minnesota-Wisconsin 3.5% fat (\$/cwt.)	7.06	6.29	6.85	6.86	6.94	7.02	7.11	7.35
Ration price and price ratios:								
Dairy ration 16% protein (\$/ton)	138	126	137	130	134	132	130	130
Milk-feed price ratio	1.33	1.29	1.33	1.38	1.36	1.36	1.36	1.39
Wholesale price index (1967=100)	146.4	141.7	148.5	148.6	148.9	149.6	150.5	
Stocks, end of period:								
Total, milk equivalent (mil. lb.)	5,886	8,484	5,775	5,640	5,708	6,296	6,856	
Commercial (mil. lb.)	5,576	7,824	5,312	5,025	5,024	5,249	5,548	
Government (mil. lb.)	310	660	464	615	684	1,047	1,309	
Imports:								
Total milk equivalent (mil. lb.)	2,932	138	72	79	80	72	80	
USDA net removals:								
Total milk equivalent (mil. lb.)	1,345.5	242.4	458.4	417.7	412.5	558.9	241.3	100.6
<b>Butter:</b>								
Production (mil. lb.)	961.7	80.8	90.4	96.3	100.9	101.6	88.3	
Stocks, end of period (mil. lb.)	49.2	130.7	61.3	60.5	66.5	85.2	99.0	
Price, wholesale, Grade A, Chicago (cts./lb.)	65.7	60.8	68.1	68.1	69.2	69.2	69.2	76.6
USDA net removals, (mil. lb.)	32.7	9.4	16.7	13.7	14.6	21.8	8.2	2.3
Commercial disappearance (mil. lb.)	929.9	72.0	72.4	89.9	84.0	77.6	77.0	
<b>American cheese:</b>								
Production (mil. lb.)	1,858.6	165.2	122.1	144.1	152.9	168.4	170.7	
Stocks, end of period (mil. lb.)	420.9	488.1	393.1	385.6	379.9	392.7	417.0	
Price, wholesale, Wis. Assem. Pts. (cts./lb.)	79.9	71.2	76.9	77.4	78.8	80.6	82.4	84.8
USDA removals (mil. lb.)	60.3	4.2	11.0	13.1	10.9	10.6	6.8	4.8
Commercial disappearance (mil. lb.)	1,780.6	160.3	132.1	140.3	147.1	147.2	143.5	
<b>Nonfat dry milk:</b>								
Production (mil. lb.)	1,019.9	118.7	81.6	95.9	111.5	131.4	126.5	
Stocks, end of period (mil. lb.)	293.2	225.0	316.3	335.4	328.8	379.7	438.2	
Price, wholesale, avg. manf. (cts./lb.)	58.6	56.9	60.0	60.7	60.3	60.2	60.4	
USDA removals (mil. lb.)	265.0	52.5	46.1	54.0	72.5	73.9	84.2	41.7
Commercial disappearance (mil. lb.)	809.9	59.9	43.7	41.9	45.4	50.2	50.0	
<b>Cottage cheese<sup>1</sup>:</b>								
Production (mil. lb.)	977.4	85.6	78.7	87.7	89.9	93.2	87.9	
<b>Frozen desserts<sup>2</sup>:</b>								
Production (mil. gal.)	1,118.7	122.7	81.4	96.5	97.4	112.9	123.2	

<sup>1</sup> Including lowfat cottage cheese. <sup>2</sup> Ice cream, ice milk, and sherbet.



Economic indicators in major foreign markets	Unemployment <sup>1</sup>				Real Growth in GNP, 1974	Change in industrial production <sup>1</sup>			Change in consumer prices <sup>1</sup>		
	Number <sup>2</sup>	Change in number of unemployed				Last month <sup>3</sup>	Last 12 months	1974 <sup>4</sup>	Last month	Last 12 months	1974 <sup>4</sup>
		Last month <sup>3</sup>	Last 12 months	1974 <sup>4</sup>							
	1,000	Percent									
Japan	980 (4)	-12.5	42.0	53.7	-1.8	1.0 (4)	-13.9	-14.5	1.0 (5)	14.4	21.5
Germany	1,018 (5)	-6.3	122.8	94.7	.6	-6.5 (4)	-12.4	-8.3	.7 (6)	6.4	5.9
Canada	714 (5)	-10.2	36.3	16.6	3.7	-.7 (4)	-5.9	-1.7	1.5 (6)	10.4	12.4
United Kingdom	846 (5)	2.8	52.2	<sup>5</sup> 38.2	-2	-1.0 (4)	-2.8	-1.9	4.2 (5)	25.0	19.2
Netherlands	184 (4)	-3.2	55.9	38.2	2.5	-4.2 (4)	-13.1	-9.4	.2 (6)	10.3	10.9
Italy	<sup>4</sup> 603 (1)	<sup>6</sup> .2	<sup>6</sup> 3.2	<sup>6</sup> 3.2	3.8	1.5 (4)	-13.8	-9.7	.8 (5)	19.7	24.5
France	737 (5)	-2.6	89.5	56.8	4.0	0 (4)	-8.9	-4.2	.7 (5)	12.1	15.2
Spain	232 (2)	3.6	73.1	51.9	5.0	9.2 (4)	-7.8	-2.8	1.2 (5)	16.9	17.9
Belgium	163 (5)	1.9	77.2	37.3	4.0	-3.5 (3)	-9.9	-5.2	.4 (6)	12.5	15.7
Korea	n.a.	n.a.	n.a.	22.8	8.2	5.1 (5)	18.1	10.1	3.0 (5)	26.0	26.0

<sup>1</sup> Parenthetical numbers following data indicate date of latest available data: (12)=December 1974, (1)=January 1975 etc. <sup>2</sup> Definitions of unemployment vary significantly from country to country and therefore are not comparable one with the other. <sup>3</sup> Seasonally adjusted data used. <sup>4</sup> December to December change. <sup>5</sup> No December figure published by the United Kingdom due to labor strife. December unemployment figure estimated by ERS as mid-point between November 1974-January 1975 figure. <sup>6</sup> Data collected first week in each quarter, in this particular case, the first quarter of 1975. Change during last month is one-third of change from fourth to first quarter. Change during last 12 months and in 1974 is for fourth quarter 1973 to fourth quarter 1974. n.a., not available.

Prices of principal U.S. agricultural trade products	1974					1975						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
<b>Export commodities</b>												
Wheat, f.o.b. Gulf ports (\$/bushel)	4.56	4.64	5.23	5.10	5.06	4.42	4.21	3.96	3.92	3.57	3.47	3.98
Corn, f.o.b. Gulf ports (\$/bushel)	3.70	3.59	3.85	3.66	3.78	3.31	3.18	3.13	3.10	2.94	3.07	3.22
Grain sorghum, f.o.b. Gulf ports (\$/bushel)	5.80	5.84	6.77	6.63	6.58	5.94	5.33	5.17	5.25	5.03	4.53	4.87
Soybeans, f.o.b. Gulf ports (\$/bushel)	8.05	7.85	8.56	7.74	7.59	6.70	6.94	5.89	6.06	5.50	5.46	5.90
Soybean oil, Decatur (cents/lb.)	43.30	40.70	42.30	40.40	38.00	33.60	29.40	29.10	28.20	23.60	23.30	27.50
Soybean meal, Decatur (\$/ton)	155.90	138.10	168.20	141.00	143.40	129.20	117.25	117.75	122.00	118.50	120.90	124.00
Cotton, 10 market average spot (cents/lb.)	50.36	47.65	44.59	39.96	36.91	36.10	36.44	37.81	40.43	41.73	42.77	45.57
Tobacco, avg. Price of auction (cents/lb.)	98.20	107.20	103.80	103.50	106.50	103.70	106.00	106.30	106.30	106.10	106.00	95.80
Rice, f.o.b. mill, Houston (\$/cwt.)	22.50	21.00	20.90	22.40	21.75	22.50	22.40	22.25	22.25	22.25	22.25	22.25
Inedible tallow, Chicago (cents/lb.)	14.81	12.06	13.30	13.59	9.83	10.28	10.44	9.97	11.22	12.29	12.56	12.05
<b>Import commodities</b>												
Coffee, N.Y. spot (cents/lb.)	64.50	62.90	64.53	65.49	69.90	70.50	69.80	69.95	69.00	70.61	73.43	69.00
Sugar, N.Y. spot (cents/lb.)	32.60	33.71	38.83	57.30	46.74	40.15	36.07	28.52	26.07	19.27	15.96	19.89
Cow meat, f.o.b. port of entry (cents/lb.)	72.84	63.37	62.83	60.02	57.33	51.96	52.02	51.85	58.10	62.12	60.45	61.08
Rubber, N.Y. spot (cents/lb.)	34.7	31.8	31.2	27.0	30.6	28.9	30.0	29.30	29.00	29.50	29.50	31.00
Cocoa beans, N.Y. spot (cents/lb.)	107.7	106.4	115.1	104.2	85.4	86.1	87.2	81.50	72.90	61.20	63.60	74.50
Bananas, f.o.b. port of entry (\$/40 lb. box)	3.47	4.06	3.50	3.08	3.17	3.75	4.37	4.77	5.05	N.A.	5.15	4.28
Canned Danish hams, ex-warehouse N.Y. (\$/lb.)	1.17	1.30	1.44	1.53	1.50	1.49	1.54	1.58	1.62	1.63	1.75	1.85
<b>Quantity Indices</b>												
Export (1967=100)	124	114	137	176	160	190	155	151	149	129	125	N.A.
Import (1967=100)	106	95	91	100	112	127	112	118	120	110	128	N.A.
<b>Unit Value Indices</b>												
Export (1967=100)	218	225	233	251	248	250	240	233	222	219	210	N.A.
Import (1967=100)	209	216	227	231	240	263	236	234	226	220	209	N.A.
N.A.—Not available.												

U.S. agricultural exports by selected commodities	July-June				June			
	Quantity		Value		Quantity		Value	
	1973/74	1974/75 <sup>1</sup>	1973/74	1974/75 <sup>1</sup>	1974	1975 <sup>1</sup>	1974	1975 <sup>1</sup>
	Thousands	Thousands	1,000 dollars	1,000 dollars	Thousands	Thousands	1,000 dollars	1,000 dollars
Animals, live, ex. poultry	---	---	207,383	127,513	---	---	5,995	7,514
Meat and Preparations, ex. poultry (lb.)	507,453	612,486	316,558	341,742	40,164	46,428	20,453	32,445
Dairy products, excluding eggs	---	---	65,344	140,650	---	---	6,482	14,390
Poultry and poultry products	---	---	142,792	135,013	---	---	10,559	12,983
Grains and preparations	---	---	10,332,227	10,941,930	---	---	774,663	743,154
Wheat and wheat flour (bu.)	1,140,791	1,029,343	4,694,238	4,944,682	60,657	80,474	268,582	347,610
Rice, milled (lb.)	3,493,133	5,059,180	752,282	1,002,185	311,793	559,367	68,223	95,275
Feed grains (mt.)	43,735	34,327	4,642,862	4,762,226	3,584	2,285	418,350	279,888
Other	---	---	242,845	232,837	---	---	19,508	20,381
Fruits, nuts, and preparations	---	---	747,131	804,906	---	---	55,405	77,614
Vegetables and preparations	---	---	407,099	549,324	---	---	35,096	42,426
Sugar and Preparations, including honey (lb.)	360,932	503,484	51,036	108,297	25,885	78,752	4,351	16,160
Coffee, tea, cocoa, spices, etc. (lb.)	80,576	71,258	69,215	70,497	6,984	5,713	6,266	7,025
Feeds and fodders	---	---	1,414,596	1,020,266	---	---	127,705	76,811
Protein meal (s. ton)	5,493	4,699	1,134,948	731,994	597	326	96,804	50,227
Beverages, ex. distilled alcoholic bev. (gal.)	4,776	5,204	8,500	10,528	810	606	1,168	1,219
Tobacco, unmanufactured (lb.)	690,925	638,404	814,029	910,088	66,453	32,146	78,048	48,749
Hides, skins, and furskins	---	---	460,481	411,389	---	---	28,244	28,532
Oilseeds	---	---	3,516,967	3,202,947	---	---	255,206	97,336
Soybeans (bu.)	516,127	404,514	3,253,579	2,951,232	36,107	13,950	221,909	83,811
Wool, unmanufactured (gib.)	13,401	14,519	18,302	18,329	1,647	2,301	2,280	3,058
Cotton, unmanufactured (rble.)	6,088	4,037	1,311,083	1,027,997	525	403	126,321	95,834
Fats, oils, and greases (lb.)	2,604,730	2,662,805	505,705	486,834	182,928	182,496	42,342	30,610
Vegetable oils and waxes (lb.)	2,314,107	2,539,198	564,442	908,578	325,714	98,537	98,561	30,554
Rubber and allied gums (lb.)	43,227	39,206	15,844	21,164	3,785	2,663	1,971	1,427
Other	---	---	323,916	343,615	---	---	23,307	21,795
Total	---	---	21,292,650	21,581,607	---	---	1,704,423	1,389,636

<sup>1</sup> Preliminary.

U.S. agricultural imports by selected commodities	July-June				June			
	Quantity		Value		Quantity		Value	
	1973/74	1974/75 <sup>1</sup>	1973/74	1974/75 <sup>1</sup>	1974	1975 <sup>1</sup>	1974	1975 <sup>1</sup>
	Thousands	Thousands	1,000 dollars	1,000 dollars	Thousands	Thousands	1,000 dollars	1,000 dollars
Animals, live ex. poultry	---	---	219,336	95,807	---	---	15,826	8,103
Meat & preparations, ex. poultry (lb.)	1,938,503	1,591,797	1,784,479	1,052,807	123,935	134,548	101,711	82,530
Beef and veal (lb.)	1,478,078	1,215,548	1,257,521	656,169	95,804	107,727	73,451	50,203
Pork (lb.)	392,245	334,341	467,836	360,394	22,710	23,050	23,233	29,468
Dairy products, excluding eggs	---	---	455,486	208,540	---	---	20,657	12,515
Poultry and poultry products	---	---	29,373	23,389	---	---	2,319	1,703
Grains and preparations	---	---	134,425	178,616	---	---	18,915	11,669
Wheat and wheat flour (bu.)	2,520	835	11,955	4,850	1,213	5	5,447	25
Rice (lb.)	14,455	2,429	2,131	754	3,128	79	640	40
Feed grains (mt.)	209	417	29,646	74,253	29	23	4,484	4,023
Other	---	---	90,693	98,759	---	---	8,344	7,581
Fruits, nuts, and preparations	---	---	593,133	590,169	---	---	64,536	59,114
Bananas (lb.)	4,397,628	4,075,643	197,571	200,796	371,806	346,798	17,718	18,567
Vegetables and preparations	---	---	398,910	376,394	---	---	33,700	30,340
Sugar and preparations, including honey	---	---	1,396,163	2,763,099	---	---	178,274	278,408
Sugar, cane or beet (s. ton)	5,501	4,525	1,217,095	2,554,203	492	453	155,559	260,353
Coffee, tea, cocoa, spices, etc. (lb.)	4,133,408	3,199,657	2,409,462	1,950,580	323,426	314,303	209,426	175,498
Coffee, green (lb.)	2,906,898	2,184,155	1,691,387	1,224,686	202,211	229,582	123,952	120,343
Cocoa beans (lb.)	510,420	401,523	288,845	281,847	53,157	41,795	35,784	23,743
Feeds and fodders	---	---	53,520	47,236	---	---	3,964	4,144
Protein meal (s. ton)	23	6	2,227	725	0	0	44	1
Beverages, ex. distilled alcoholic bev. (gal.)	91,475	97,280	337,599	326,082	8,441	8,383	29,752	28,767
Tobacco, unmanufactured (lb.)	302,579	331,763	189,605	226,491	35,469	29,292	20,938	19,383
Hides, skins, and furskins	---	---	155,319	141,065	---	---	17,533	12,967
Oilseeds	---	---	83,961	54,064	---	---	4,495	4,963
Soybeans (lb.)	56	90	14	16	0	0	0	0
Wool, unmanufactured (gib.)	49,366	31,930	59,651	32,348	4,125	4,241	4,883	4,045
Cotton, unmanufactured (rble.)	84	65	18,264	13,825	5	7	1,015	1,463
Fats, oils and greases (lb.)	28,316	34,856	6,916	10,927	2,358	3,038	737	1,075
Vegetable oils and waxes (lb.)	1,252,513	1,686,636	335,271	599,175	67,725	121,939	27,456	31,616
Rubber and allied gums (lb.)	1,512,670	1,457,913	488,459	400,333	120,047	131,296	46,029	30,720
Other	---	---	399,263	487,487	---	---	39,490	28,415
Total	---	---	9,548,595	9,578,434	---	---	841,656	827,438

<sup>1</sup> Preliminary.



Export quantities and values	1973/74	1974/75 <sup>1</sup>	June 1974	June 1975 <sup>1</sup>
	1,000 metric tons			
Animal products:				
Fats, oils, and greases	1,182	1,208	83	83
Meats and meat products	230	278	18	21
Poultry meats, fresh or frozen	81	79	6	8
Grains:				
Wheat and products	31,258	28,303	1,661	2,232
Feed grains and products	44,156	34,672	3,622	2,308
Rice	1,584	2,295	141	254
Oilseeds and products:				
Soybeans	14,047	11,009	983	380
Protein meal	4,983	4,263	541	295
Vegetable oils and waxes	1,050	1,152	148	45
Other:				
Fruits and preparations <sup>2</sup>	1,367	1,511	124	165
Vegetables and preparations <sup>3</sup>	1,020	1,194	124	128
Tobacco	313	290	30	15
Cotton	1,241	830	108	85
Feeds and fodders <sup>4</sup>	1,377	1,337	152	91
<b>Total</b>	<b>103,889</b>	<b>88,421</b>	<b>7,741</b>	<b>6,110</b>
	\$ mil <sub>1966</sub>			
Animal products:				
Fats, oils, and greases	506	487	42	31
Meats and meat products	317	342	20	32
Poultry meats, fresh or frozen	82	73	6	7
Grains:				
Wheat and products	4,738	5,001	271	355
Feed grains and products	4,686	4,813	423	284
Rice	752	1,002	68	95
Oilseeds and products:				
Soybeans	3,254	2,951	222	84
Protein meal	1,135	732	97	50
Vegetable oils and waxes	564	909	99	31
Other:				
Fruits and preparations <sup>2</sup>	488	546	42	60
Vegetables and preparations <sup>3</sup>	278	395	24	30
Tobacco	814	910	78	49
Cotton	1,294	1,017	125	95
Feeds and fodders <sup>4</sup>	179	173	20	13
Other agricultural products	2,206	2,231	167	174
<b>Total</b>	<b>21,293</b>	<b>21,582</b>	<b>1,704</b>	<b>1,390</b>

<sup>1</sup> Preliminary. <sup>2</sup> Includes fresh fruits, canned fruits, and dried fruits. <sup>3</sup> Includes fresh vegetables, canned vegetables, and pulses. <sup>4</sup> Includes prepared animal feeds, corn byproducts, and alfalfa meal and cubes.

U.S. agricultural exports by regions <sup>1</sup>	1973/74	1974/75 <sup>2</sup>	June 1974	June 1975 <sup>2</sup>	Change	
					Fiscal year	June 1975
	Million dollars				Percent	
Western Europe	6,743	6,945	509	369	+3	-27
Enlarged European Community	5,310	5,322	412	267	---	-35
Other Western Europe	1,433	1,623	97	101	+13	+4
Eastern Europe and USSR <sup>3</sup>	1,195	983	94	54	-18	-43
USSR	509	396	38	30	-22	-21
Eastern Europe	686	587	57	24	-14	-58
Asia	7,889	8,238	604	555	+4	-8
West Asia	786	1,583	83	95	+101	+14
South Asia	663	1,229	78	127	+85	+63
Southeast Asia, excluding Japan and PRC	2,250	1,912	181	129	-15	-29
Japan	3,353	3,185	212	182	-5	-14
People's Republic of China	838	328	50	23	-61	-54
Latin America	2,407	2,404	217	173	-1	-20
Canada, excluding transshipments <sup>4</sup>	1,195	1,310	113	115	+10	+2
Canadian transshipments	751	448	64	28	-40	-56
Africa	985	1,129	94	89	+15	-5
North Africa	584	735	46	44	+26	-4
Other Africa	400	394	48	45	-1	-6
Oceania	128	125	9	6	-2	-33
Total <sup>4</sup>	21,293	21,582	1,704	1,390	+1	-18

<sup>1</sup> Not adjusted for transshipments. <sup>2</sup> Preliminary. <sup>3</sup> Includes Yugoslavia. <sup>4</sup> Totals may not add due to rounding.

Trade balance	July-June		June	
	1973/74	1974/75	1974	1975
	\$ mil.			
Agricultural exports	21,293	21,582	1,704	1,390
Nonagricultural exports	63,631	81,305	6,564	7,161
Total exports	84,924	102,887	8,268	8,551
Agricultural imports	9,549	9,578	842	827
Nonagricultural imports	72,954	91,515	7,664	6,535
Total imports	82,503	101,093	8,506	7,362
Agricultural trade balance	11,744	12,004	862	563
Nonagricultural trade balance	-9,323	-10,210	-1,100	626
Total trade balance	2,421	1,794	-238	1,189

Gross National Product and Related Data	1974	1973				1974				1975	
		I	II	III	IV	I	II	III	IV	I	II
		Bil. \$ (Quarterly data seasonally adjusted at annual rates)									
Gross national product <sup>1</sup>	1,397.4	1,248.9	1,277.9	1,308.9	1,344.0	1,358.8	1,383.8	1,416.3	1,430.9	1,416.6	1,439.7
Personal consumption expenditures	876.7	781.7	799.0	816.3	823.9	840.6	869.1	901.3	895.8	913.2	938.6
Durable goods	127.5	132.4	132.1	132.4	124.3	123.9	129.5	136.1	120.7	124.9	130.6
Nondurable goods	380.2	323.3	332.7	343.8	352.1	364.4	375.8	389.0	391.7	398.8	410.1
Gross private domestic investment	209.4	199.0	205.1	209.0	224.5	210.5	211.8	205.8	209.4	163.1	148.1
Fixed investment	195.2	189.0	194.4	197.1	195.5	193.6	198.3	197.1	191.6	182.2	179.1
Nonresidential	149.2	130.5	135.6	139.0	141.9	145.2	149.4	150.9	151.2	146.9	142.7
Structures	52.2	44.6	46.2	47.9	49.3	51.3	52.2	51.0	53.7	52.8	49.1
Producers' durable equipment	97.1	85.9	89.4	91.1	92.6	93.9	97.2	99.9	97.5	94.2	93.6
Residential structures	46.0	58.5	58.7	58.1	53.6	48.4	48.8	46.2	40.4	35.3	36.4
Nonfarm	45.2	58.0	58.4	57.6	53.0	47.8	48.0	45.4	39.7	34.8	35.6
Change in business inventories	14.2	10.0	10.7	11.8	28.9	16.9	13.5	8.7	17.8	-19.2	-31.0
Nonfarm	11.9	6.5	7.7	7.4	24.0	13.1	10.4	6.6	17.5	-17.8	-30.6
Net exports of goods and services	2.1	-.8	.5	6.7	9.3	11.3	-1.5	-3.1	1.9	8.8	15.0
Exports	140.2	88.8	95.4	103.7	113.6	131.2	138.5	143.6	147.5	142.2	135.1
Imports	138.1	89.5	94.9	96.9	104.3	119.9	140.0	146.7	145.7	133.4	120.1
Government purchases of goods and services	309.2	269.0	273.3	276.9	286.4	296.3	304.4	312.3	323.8	331.6	338.1
Federal	116.9	106.4	106.2	105.3	108.4	111.5	114.3	117.2	124.5	126.5	128.4
State and local	192.3	162.6	167.1	171.6	177.9	184.8	190.1	195.1	199.3	205.1	209.7
1958 \$bil. (Quarterly data seasonally adjusted at annual rates)											
Gross national product	821.2	832.8	837.4	840.8	845.7	830.5	827.1	823.1	804.0	780.0	783.1
Personal consumption expenditures	539.5	552.9	553.7	555.4	546.3	539.7	542.7	547.2	528.2	531.5	539.7
Durable goods	103.1	117.2	115.7	114.3	107.2	105.2	106.8	107.8	92.8	95.2	97.9
Nondurable goods	223.7	228.7	228.3	230.0	227.4	223.9	223.6	225.8	221.4	222.5	226.4
Gross private domestic investment	126.7	134.4	136.3	135.8	145.8	133.3	130.3	122.7	120.5	89.3	80.7
Fixed investment	118.0	127.1	128.4	127.7	125.8	122.7	122.2	117.7	109.6	101.0	97.8
Nonresidential	94.0	92.2	94.3	95.1	96.0	96.3	96.5	94.1	89.2	83.8	80.3
Structures	26.2	24.7	25.1	25.6	26.0	26.7	26.6	25.4	26.1	25.2	23.5
Producers' durable equipment	67.8	67.4	69.2	69.5	70.0	69.7	69.9	68.7	63.1	58.6	56.8
Residential structures	24.0	35.0	34.1	32.6	29.8	26.4	25.7	23.6	20.4	17.3	17.5
Nonfarm	23.6	34.7	33.9	32.4	29.5	26.0	25.3	23.1	20.1	17.0	17.1
Change in business inventories	8.7	7.3	7.8	8.0	20.0	10.6	8.2	5.0	10.9	-11.7	-17.1
Nonfarm	7.4	5.4	6.3	6.2	17.9	8.7	6.4	3.9	10.7	-10.9	-16.8
Net exports of goods and services	9.0	1.4	3.5	5.8	7.9	11.5	8.2	7.3	9.1	11.6	13.4
Exports	71.9	64.8	65.9	66.9	68.9	73.3	73.4	70.9	69.9	66.5	62.9
Imports	62.9	63.4	62.4	61.1	61.0	61.8	65.1	63.6	60.9	54.9	49.5
Government purchases of goods and services	146.0	144.1	143.9	143.7	145.7	146.0	145.8	145.9	146.3	147.7	149.2
Federal	56.5	58.9	57.7	56.2	56.4	56.3	56.3	56.5	57.0	57.4	58.3
State and local	89.5	85.2	86.2	87.5	89.3	89.7	89.5	89.4	89.3	90.2	90.9
Implicit price deflator for GNP (1958=100)	170.18	149.95	152.61	155.67	158.93	163.61	167.31	172.07	177.97	181.62	183.85
Disposable income (\$bil.)	979.7	869.5	892.1	913.9	939.4	950.6	966.5	993.1	1,008.8	1,015.5	1,078.5
Disposable income (1958 \$bil.)	602.8	615.1	618.2	621.8	622.9	610.3	603.5	602.9	594.8	591.0	620.2

Selected monthly indicators	1974		1975					
	Annual	July	Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted except as noted							
Industrial production, total <sup>2</sup> (1967=100)	124.8	125.5	111.2	110.0	109.9	109.8	110.3	110.8p.
Manufacturing (1967=100)	124.4	125.2	109.3	107.7	107.9	107.8	108.5	108.9p.
Durable (1967=100)	120.7	121.6	104.8	103.5	103.3	102.4	102.6	102.2p.
Nondurable (1967=100)	129.7	130.8	115.6	113.7	114.8	115.9	116.9	118.6p.
Employment <sup>3</sup> (Mil. persons)	85.9	86.4	84.0	83.8	84.1	84.4	84.4	85.1
Unemployment rate <sup>4</sup>	5.6	5.3	8.2	8.7	8.9	9.2	8.6	8.4
Personal income <sup>1</sup> (\$bil. annual rate)	1,150.5	1,159.5	1,193.4	1,195.7	1,203.1	1,214.3	1,244.1	1,238.4
Consumer price index <sup>2</sup> (1967=100)	147.7	148.0	157.2	157.8	158.6	159.3	160.6	162.3
Wholesale price index <sup>2</sup> (1967=100)	160.1	161.7	171.3	170.4	172.1	173.2	173.7	175.7
Money stock (daily average) <sup>2</sup> (\$bil.)	<sup>5</sup> 284.4	280.4	283.5	286.1	287.1	289.7	294.0	294.5p.
Time and savings deposits (daily average) <sup>2</sup> (\$bil.)	<sup>5</sup> 419.4	402.8	428.9	430.0	431.7	433.1	437.3	
Three-month Treasury bill rate <sup>2</sup> (%)	7.886	7.752	5.583	5.544	5.694	5.315	5.193	
Aaa corporate bond yield (Moody's) <sup>6</sup> (%)	8.57	8.72	8.62	8.67	8.95	8.90	8.77	8.44
Interest rate on new home mortgages <sup>7</sup> (%)	8.92	8.96	9.12	9.06	8.96	8.90	8.96p.	

<sup>1</sup> Department of Commerce. <sup>2</sup> Board of Governors of the Federal Reserve System. <sup>3</sup> Department of Labor, Bureau of Labor Statistics.

<sup>4</sup> Not seasonally adjusted. <sup>5</sup> December of the year listed. <sup>6</sup> Moody's Investor Service. <sup>7</sup> Federal Home Loan Bank Board. p. Preliminary.



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